

HOUSE OF REPRESENTATIVES

FRIDAY, JANUARY 25, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Heavenly Father, we wait at the altar of Him whose name is above every name, the name at the sound of which every knee shall bow and every tongue shall confess as Lord, to the glory and honor of God. By Him we are taught that it is better to give than to receive and that blessed are the merciful, for they shall obtain mercy. Do Thou inspire the very soul of the Republic to let a burst of radiance come through the dim, open doors of a remembered happiness. Let disappointment and privation, sickness and wounded affection work in us all a blessed and a spiritual enrichment. May we understand that through sorrow we find joy, through poverty we inherit true riches, and through humiliation we ascend to the seat of honor. Almighty God, increase our scope of thought and the magnitude of those sources by which we order our conduct. In the name of our Savior.

The Journal of the proceedings of yesterday was read and approved.

ADJOURNMENT OVER

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent that when the House adjourn today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

COMMITTEE ON FOREIGN AFFAIRS

Mr. McREYNOLDS. Mr. Speaker, I offer the following resolution and ask unanimous consent for its immediate consideration.

The Clerk read as follows:

House Resolution 71

Resolved, That for the purposes of obtaining information necessary as a basis for legislation the Committee on Foreign Affairs of the Seventy-fourth Congress is authorized, as a committee, by subcommittee or otherwise, to continue the investigation begun under authority of House Resolution 404 of the Seventy-third Congress, and for such purposes said committee shall have the same power and authority as that conferred upon the Committee on Foreign Affairs by House Resolution 404 of the Seventy-third Congress. The unexpended balance of the appropriation of \$10,000 under House Resolution 444, Seventy-third Congress, is hereby continued for such purposes.

Mr. SNELL. Mr. Speaker, reserving the right to object, may I ask the gentleman a question? How much longer does the gentleman think it will be necessary to continue this investigation?

Mr. McREYNOLDS. Simply long enough for the drafting of the report.

Mr. SNELL. The investigation itself, then, is practically completed?

Mr. McREYNOLDS. Yes; and we have some \$4,000 left of the appropriation.

Mr. SNELL. That is a good record.

Mr. BLANTON. Mr. Speaker, reserving the right to object, I should like to ask a question or two. How much is it contemplated will be spent out of this balance of \$4,000 that remains now?

Mr. McREYNOLDS. We are trying to save as much as \$2,500 out of the \$10,000, if possible.

Mr. BLANTON. Will it cost \$1,500 to make this report?

Mr. McREYNOLDS. No; I think not; but there are some expenses already incurred that will have to be met. I could not tell the gentleman the exact amount.

Mr. BLANTON. There is not going to be any personnel employed?

Mr. McREYNOLDS. We have some personnel employed now.

Mr. BLANTON. I mean, any further personnel?

Mr. McREYNOLDS. No; but there are some expenses already incurred.

Mr. BLANTON. Then it is simply a matter of using whatever money is necessary out of this \$4,000 to prepare and present this report?

Mr. McREYNOLDS. Yes; and some little incidental expense already incurred.

The SPEAKER. Is there objection to the present consideration of the resolution?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

SECOND LIBERTY BOND ACT

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 4304) to amend the Second Liberty Bond Act, as amended, and for other purposes; and pending that, I ask unanimous consent that there may be 1 hour of general debate, one-half to be controlled by the gentleman from Massachusetts [Mr. TREADWAY] and one-half by myself.

Mr. TREADWAY. Mr. Speaker, the request of the Chairman of the Ways and Means Committee is entirely agreeable to this side.

Mr. PATMAN. Mr. Speaker, reserving the right to object, I have asked the chairman of the committee for 5 minutes of time and I hope he has taken that into consideration in arriving at the amount of time to be used in general debate.

Mr. DOUGHTON. That will be arranged in a way agreeable to the gentleman.

Mr. BLANTON. Mr. Speaker, I reserve the right to object to ask the gentleman some questions.

Will the measure we are going to consider now, with 1 hour of general debate, authorize the issuance of \$4,000,000,000 of bonds additional to those in existence now?

Mr. DOUGHTON. It authorizes the issuance of \$25,000,000,000 of bonds, but this is in lieu of the existing authorization of \$28,000,000,000. This supplants the present authorization.

Mr. BLANTON. But it will authorize the issuance and sale of \$4,000,000,000 of bonds that, incidentally, is connected with the legislation we passed yesterday?

Mr. DOUGHTON. No; not necessarily. Under this bill there can only be outstanding under the proposed amendment of the Second Liberty Bond Act at any one time \$25,000,000,000. There is outstanding now about \$13,000,000,000.

Mr. BLANTON. May I ask the gentleman this question? Is the income from all of the bonds that are to be issued to be tax exempt?

Mr. DOUGHTON. There has been no change, so far as I am aware, of the law relating to tax-exempt securities.

Mr. BLANTON. Then the income from them all will be exempt from taxation?

Mr. SAMUEL B. HILL. Mr. Speaker, will the gentleman yield to me?

Mr. DOUGHTON. I yield.

Mr. SAMUEL B. HILL. The principal purpose of this legislation is the refunding, largely, of the existing bonds, and the bonds which take the place of those retired will have the same provisions as to taxes and tax exemptions as the ones outstanding.

Mr. BLANTON. I presumed that, but I am talking about whatever bonds are necessary to be issued to raise the \$4,000,000,000 that we are going to expend for public works. Are those bonds going to provide that the income be tax exempt?

Mr. DOUGHTON. Those bonds, like the other bonds, will have to be issued in accordance with existing law at that time.

Mr. BLANTON. Which provides that the income is exempt from taxation.

Mr. DOUGHTON. The measure that the gentleman mentions, providing for the issuance of \$4,000,000,000 of additional bonds, has not yet been enacted into law.

Mr. BLANTON. I should like to know as a matter of information whether it is possible for this Government to sell

\$4,000,000,000 of bonds without making the income tax exempt.

Mr. DOUGHTON. Under present law?

Mr. BLANTON. I mean, is it possible to have the law require the income to be taxable?

Mr. MARTIN of Massachusetts. Regular order, Mr. Speaker.

Mr. BLANTON. Oh, the gentleman must not be in too great a hurry. I am entitled to the information I seek, and I intend to get the information.

Mr. MARTIN of Massachusetts. The gentleman can get the information when we go into committee.

Mr. BLANTON. The information I want is from the chairman of the committee. I want to get it now. Is it possible for us to raise \$4,000,000,000 without making the income from such bonds tax exempt. If it is, I want to vote to stop the issuance of tax-exempt securities.

Mr. DOUGHTON. I think a good many of us have that purpose in mind.

Mr. BLANTON. But, of course, if that is not possible and we cannot raise the money without it, we will have to do the best we can.

Mr. DOUGHTON. The gentleman yesterday voted for a law that would make the issuing of this \$4,000,000,000 possible.

Mr. BLANTON. Yes; because the President of the United States requested us to do it.

Mr. DOUGHTON. Why did he not do it then?

Mr. BLANTON. Because the President requested Congress to pass that bill without amendment, but I raised the question in the committee of taking steps at the first opportune moment to stop the issuance of any further tax-exempt bonds. I am in dead earnest about carrying on a determined fight here to stop tax-exempt securities.

Of course, I realize full well that this \$4,000,000,000 must be raised to carry out this public-works project of the President. And if it is a fact that we cannot raise the money on bonds that are not tax exempt, and that the only way to raise it is under the present existing law, and I see that the committee indicates that that situation exists, then there is left nothing else for us to do except to vote for this bill. But before this session of Congress adjourns I am going to do everything that is possible to stop the issuance of tax-exempt securities, and to provide some legal way to tax the income from all tax-exempt securities.

Mr. BOILEAU. Reserving the right to object, I should like to ask the gentleman from North Carolina if it is possible to have more time on this very important bill than 1 hour for debate?

Mr. CULLEN. Mr. Speaker, I ask for the regular order.

Mr. DOUGHTON. I will say that I conferred with the gentleman from Massachusetts, the ranking minority Member, and he agreed that 1 hour was sufficient. There will be debate under the 5-minute rule.

Mr. TREADWAY. I have had requests for about half an hour. I thought that was ample, and it is ample so far as I am concerned on this side.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The motion of Mr. DOUGHTON was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. SUTPHIN in the chair.

The CHAIRMAN. The House is now in Committee of the Whole House on the state of the Union for the consideration of the bill of which the Clerk will read the title.

The Clerk read as follows:

H. R. 4304, to amend the Second Liberty Bond Act as amended, and for other purposes.

The CHAIRMAN. Without objection, the first reading of the bill will be dispensed with.

There was no objection.

Mr. DOUGHTON. Mr. Chairman, the purpose of the bill under consideration is to amend the Second Liberty Bond

Act so as to permit the Government needs and requirements to be more economically financed.

Under the present Liberty Bond Act the amount of bonds that may be outstanding at any one time is limited to \$28,000,000,000. This bill, if it becomes a law and supplements that act, makes the amount that may be outstanding at any one time not over \$25,000,000,000.

At present there has been issued under existing law, the Second Liberty Bond Act, about \$25,000,000,000, and there is about thirteen and one-half billion dollars outstanding. Bonds to the amount of eleven and one-half billion dollars have been retired, and there is no authority for other bonds to be issued in their place.

Under the terms of this bill the \$25,000,000,000 of bonds would become a revolving fund; and of the bonds retired, other bonds could be issued in their place.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. MARTIN of Colorado. When these bonds are retired, how are they financed? The gentleman said eleven and one-half billions were retired. How were they retired? By what means? Were they paid off?

Mr. DOUGHTON. They were retired by redemption, I suppose.

Mr. MARTIN of Colorado. I understand that the outstanding indebtedness of the Government now is about \$27,000,000,000.

Mr. DOUGHTON. About \$28,000,000,000.

Mr. MARTIN of Colorado. That is what I am getting at. They have not really been paid off. They have been refinanced by other forms of Government obligations.

Mr. DOUGHTON. Treasury notes, certificates of indebtedness, and Treasury bills.

Mr. TREADWAY. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. TREADWAY. Is not this the situation, that certain bonds have been paid and, one might say, canceled by the Treasury, and others have been refunded. Is not that what the gentleman from Colorado has in mind—the refunding process?

Mr. MARTIN of Colorado. They have been refunded, but not paid out.

Mr. TREADWAY. That is correct. Many have been retired.

Mr. DOUGHTON. Some have been retired and others have been refunded. Under existing law we have issued approximately twenty-five and one-half of the twenty-eight billions authorized, leaving approximately two and one-half billions which still may be issued. Yet only thirteen and one-half billions' worth of these bonds are now outstanding, and practically eleven and one-half billions have been retired which, under existing law, cannot be replaced. The bill also amends existing law with respect to Treasury notes, certificates, and other forms of Government obligations. Under existing law \$20,000,000,000 can be issued in Treasury notes, certificates of indebtedness, bills, and so forth, but the law is so written that not more than \$10,000,000,000 can be issued in Treasury notes and \$10,000,000,000 in certificates of indebtedness and Treasury bills. The purpose of this is to consolidate these two authorizations, so that if it is to the advantage of the Government to issue more of one form than another, it would have the privilege of doing so. One form of indebtedness is sometimes more favorable at a low rate of interest than another form, and this bill is intended to make the authorization more flexible, and not to increase the amount that may be issued for Treasury notes, bills, and so forth. It is the purpose to consolidate so that at the option of the Government the Treasury Department can issue more of one form than another.

The bill also provides for the issuing of a new form of bonds known as "Government savings bonds", that can be purchased by small investors who wish to invest their earnings in Government securities. These bonds, under the provisions of this bill, may be issued in denominations as low as

\$25. They are intended ultimately to replace the issuing of Postal Savings bonds.

In other words, there are about 88 million dollars of Postal Savings bonds now out, and it is the purpose of the Treasury Department to discontinue issuance of those bonds, and issue these United States savings bonds which may be purchased by people of small means who desire to invest their savings in governmental bonds.

At the present time Liberty Loan bonds and other forms of bonds may be used as surety bonds, but bonds issued by the Home Owners' Loan Corporation and other forms of bonds are not usable in that way. This bill provides that any bonds, the principal and interest of which are guaranteed by the Government, may be used as surety bonds. If it is necessary for one to give a bond to the Government, and he has these bonds that are not now usable as surety bonds, he will not be forced to go into the market and purchase surety bonds, but can use these bonds in lieu of a bond sold by some bonding company.

It is thought the adoption of these amendments will enable the Secretary of the Treasury to issue the type of securities which, in his judgment, are best suited to meet the conditions of the market and the needs of the Government. In addition it will allow a further refunding of outstanding obligations. There are at the present time some \$5,000,000,000 of Liberty bonds bearing high interest rates which could be called in and refunded if the Treasury now had the authorization which is provided in this bill.

The benefits that would be derived are best shown by what has been accomplished since January 31, 1933, at which time the annual interest rate on the interest-bearing debt was 3.407 percent, whereas on December 31, 1934, the average rate was reduced to 2.96 percent. In other words if the average rate of 3.407 percent on January 31, 1933, had continued up to the present time, the amount of the interest charge would today be approximately \$125,000,000 greater than we are now paying.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. RICH. If we should reduce the interest rate to 2.96, then supposing an individual had a million dollars invested in these bonds, he would not necessarily pay any income tax upon them. Does not the gentleman believe that we could have these bonds not exempt from taxes and still get a low interest rate and thereby have those people with great income assist in paying the Government's obligations and debts. Does the gentleman not think it would be a good thing to have these bonds subject to taxation?

Mr. DOUGHTON. Yes; but not at as low a rate of interest. But we didn't deem it wise to make so radical a change as that in this bill. I think that is a subject that should be considered by this Congress; and so far as I know, no one objects to considering whether we should adopt such a policy.

Mr. RICH. When nobody objects, and we have the opportunity, why not take advantage of it and make them taxable?

Mr. DOUGHTON. We might ask the same question as to why that had not been done in the years past. I hope it will be done by this Congress.

Mr. RICH. If we have made mistakes in the years past, why continue?

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. COOPER of Tennessee. I may say for the information of the gentleman from Pennsylvania [Mr. RICH] that several measures seeking to accomplish that purpose are now pending before the Ways and Means Committee. I also invite the gentleman's attention to the fact that this committee has, in the past on two different occasions, reported such legislation to the House. That matter is not being neglected. It is receiving attention and consideration.

Mr. TREADWAY. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. TREADWAY. I wish to corroborate what the gentleman has said, as well as what the gentleman from Tennessee [Mr. COOPER] has said. In addition to the bills

that are before the Ways and Means Committee, there is a constitutional-amendment suggestion that is now before the Committee on the Judiciary, which I have introduced, and I hope to be able to speak on it during the day.

Mr. COOPER of Tennessee. Will the gentleman yield further?

Mr. DOUGHTON. I yield.

Mr. COOPER of Tennessee. I just want to point out one other point in connection with the so-called "savings bonds"—that is, the small bonds that are to be authorized under this legislation, which is something new; and that is that the limit that anyone may acquire of those bonds in 1 year's time is \$10,000.

Mr. DOUGHTON. That is correct.

Mr. COOPER of Tennessee. So that one individual may not buy up unduly large amounts of those small bonds, but they will be handled so as to meet the requirements, wishes, and needs of the small investors generally throughout the country.

Mr. DOUGHTON. That is a correct statement.

Mr. COOPER of Tennessee. And the further fact that the purpose is that those small bonds may be purchased at post offices throughout the country, so as to make them more accessible to the small investors.

Mr. DOUGHTON. That is a correct statement.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. VINSON of Kentucky. Further, in connection with the United States savings bonds, whatever that total will be is within the \$25,000,000,000 limitation?

Mr. DOUGHTON. In all there cannot be issued and outstanding at any one time more than \$25,000,000,000, but the purpose of this bill is to make it more flexible.

Mr. VINSON of Kentucky. The United States savings bonds are included within that \$25,000,000,000 limit?

Mr. DOUGHTON. That is correct.

Mr. CRAWFORD. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. CRAWFORD. May I ask if there is any provision in this bill which will take care of the small investors after they have invested their savings in these certificates, if the market begins to break on them and starts heading toward a loss of 16 or 18 percent, which occurred some time ago when the bonds of the United States were scattered through the holdings of individuals throughout the country, who were not in a position to protect their holdings, but through fear, forced their holdings on the market as low as \$82 a hundred?

Mr. DOUGHTON. I yield to the gentleman from Kentucky.

Mr. VINSON of Kentucky. Those savings bonds are sold at a discount. If the condition obtains such as the gentleman just suggested, the price paid, plus the interest compounded semiannually, may be received by the purchaser of those savings bonds. It is in the nature of the war-savings stamps which were issued during another great fight the United States was in.

Mr. DOUGHTON. When anyone invests his money in bonds, of course, it is the same as any other investment.

Mr. VINSON of Kentucky. But the chairman knows full well that these savings bonds are sold at a discount, and the face value or maturity value is much larger, because there is included in that face value the interest that would accrue on the price paid. At any time before maturity date, the owner of those savings bonds may secure the discount price, plus the accrued interest.

Mr. CRAWFORD. Is that not similar to the way war-savings stamps were sold during the war?

Mr. VINSON of Kentucky. Very similar.

Mr. DOUGHTON. Of course, the gentleman would not expect there would be provided in any legislation any guarantee by which bonds cannot decline or advance. You have the advantage of the rise in value, and in all affairs of mankind there is always a risk of some kind. You cannot guarantee a man against loss and then give him the benefit of the gains.

Mr. RICH. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. RICH. Last year we passed a law in this House which gave the Secretary of the Treasury \$2,000,000,000 to stabilize the bonds of this country. Until we lose that money it will be used for that purpose.

Mr. DOUGHTON. And they have been stabilized to the extent they have been advancing in price all the time, and the interest rate has been getting lower all the time.

Mr. CRAWFORD. But will the price of these certificates be so stabilized to the small investor?

Mr. KENNEY. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. KENNEY. Does the gentleman know what rate of interest is expected to be paid on these small bonds?

Mr. DOUGHTON. I do not think there is any fixed rate.

Mr. VINSON of Kentucky. The savings bonds yield not in excess of 3 percent compounded semiannually.

Mr. DOUGHTON. Yes. That is a correct statement.

Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to insert in the RECORD a table showing the amount of bonds that are now outstanding under the Second Liberty Loan, also the rate of interest prevailing on Government securities since January 1933.

The CHAIRMAN (Mr. SUTPHIN). Is there objection to the request of the gentleman from North Carolina [Mr. DOUGHTON]?

There was no objection.

Statement showing present authority to issue bonds, notes, certificates of indebtedness, and Treasury bills under the Second Liberty Bond Act, as amended, and under proposed amendments (Dec. 31, 1934)

Bonds, under present authority:	
Total issuable.....	\$28,000,000,000
Total issued:	
Liberty bonds.....	\$14,948,096,150
Treasury bonds.....	10,502,390,965
	25,450,487,115
Balance now issuable.....	2,549,512,885
Total authorized.....	28,000,000,000
Total issued.....	25,450,487,115
Total retired.....	11,975,539,465
Total outstanding.....	13,474,947,650

Under proposed amendment:	
Total which may be outstanding at any one time.....	\$25,000,000,000
Now outstanding:	
Liberty bonds.....	\$3,194,086,650
Treasury bonds.....	10,280,861,000
	13,474,947,650
Balance issuable.....	11,525,052,350

Notes, certificates of indebtedness, and Treasury bills under present authority:	
Notes:	
Total which may be outstanding at any one time.....	10,000,000,000
Now outstanding, Treasury notes.....	9,586,377,400
Balance issuable.....	413,622,600

Certificates of indebtedness and Treasury bills:	
Total which may be outstanding at any one time.....	10,000,000,000
Now outstanding:	
Certificates of indebtedness.....	\$158,300,000
Treasury bills.....	1,954,168,000
	2,112,468,000
Balance issuable.....	7,887,532,000

Under proposed amendments, notes, certificates of indebtedness, and Treasury bills:	
Total which may be outstanding at any one time.....	20,000,000,000
Now outstanding:	
Notes.....	\$9,586,377,400
Certificates of indebtedness.....	158,300,000
Treasury bills.....	1,954,168,000
	11,698,845,400
Balance issuable.....	8,301,154,600

Public debt data

[In millions of dollars]

	Gross debt	Interest-bearing debt	Annual interest charge	Annual average interest rate
1933				
Jan. 31.....	20,801.7	20,454.1	696.9	3.407
Feb. 28.....	20,934.7	20,584.3	698.8	3.395
Mar. 31.....	21,362.5	20,991.6	719.2	3.427
Apr. 30.....	21,441.2	21,087.0	721.3	3.421
May 31.....	21,853.4	21,498.8	732.5	3.412
June 30.....	22,538.7	22,157.6	742.2	3.350
July 31.....	22,609.9	22,239.8	743.7	3.344
Aug. 31.....	23,098.5	22,722.6	754.9	3.318
Sept. 30.....	23,050.8	22,671.8	751.2	3.313
Oct. 31.....	23,050.3	22,668.9	750.3	3.310
Nov. 30.....	23,534.1	23,161.4	771.7	3.332
Dec. 31.....	23,514.5	23,450.3	773.0	3.296
1934				
Jan. 31.....	25,071.1	24,716.9	797.1	3.225
Feb. 28.....	25,055.1	24,707.3	822.5	3.200
Mar. 31.....	26,157.5	25,698.2	831.1	3.234
Apr. 30.....	26,118.3	25,599.1	817.1	3.192
May 31.....	26,155.0	25,587.8	813.0	3.178
June 30.....	27,053.1	26,489.5	842.3	3.181
July 31.....	27,189.2	26,604.6	845.1	3.177
Aug. 31.....	27,079.9	26,495.1	843.1	3.182
Sept. 30.....	27,189.6	26,626.1	830.2	3.118
Oct. 31.....	27,188.0	26,643.0	809.6	3.039
Nov. 30.....	27,298.9	26,761.0	808.4	3.021
Dec. 31.....	28,478.7	27,944.0	827.1	2.960

Mr. TREADWAY. Mr. Chairman, very little can be said on this measure. The principal reason why so little can be said is that so little information has come to the Ways and Means Committee.

It may be of interest to the House to know that the Chairman of the Ways and Means Committee introduced this bill last Monday. On Tuesday morning the Secretary of the Treasury, accompanied by a group of his assistants, appeared at an executive meeting of the Ways and Means Committee. There was no reporter present; only a few members of the committee were present. The honorable Secretary was in the room possibly a half or three-quarters of an hour, and before he departed, a motion was made by a member of the majority to report this bill. That was last Tuesday morning. Yesterday afternoon the report, which is now being read by the Members for the first time, was available.

So that is the method of procedure, and it is the amount of information available to the House when a measure of this importance is brought to your attention. I do not pretend to know very much about it. But I am extremely critical of the manner in which important legislation reaches this floor without the slightest effort to give any explanation thereof.

I took exception to some of the remarks made by the Secretary of the Treasury during that executive hearing. It may not be quite in keeping to make one or two references to that hearing. For instance, the chairman of our committee has just referred to the reduction of the interest rate on Government securities. Why, it is no credit to the Treasury that the interest rate has been reduced. The Secretary of the Treasury seemed to take great credit to himself for this reduction. It is easily apparent why that reduction has taken place over the period of 2 years. There is not a man in this room but who knows that the business world has no confidence whatsoever in putting any capital into business; and, therefore, an investor naturally turns to his Government and says: "Here, the only thing I put any confidence in is the stability of the Federal Government, and, therefore, I want to buy some of your bonds. Keep my capital until such time as there is an opportunity to invest it with some degree of confidence in business."

Now, this is the explanation of the reason for the reduction in interest rates: The demand for Government bonds by investors.

Another remark that was made in answer to some questions by my colleague, the gentleman from New York [Mr. CROWTHER], was that no effort had been made on banks to force investment in Government securities. The Secretary of the Treasury, perhaps, was correct in saying that during

his administration since January 1, 1934, that had not been done; but any Member of Congress, or any man connected with a bank which was closed on the 4th of March 1933, knows perfectly well that in order to get capital to reopen that bank, the bank was obliged to issue new stock and get capital from the Federal Government.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. DOUGHTON. The purpose of that was to make the banks sound, safe, and secure and not for the purpose of selling Government obligations. Many of the banks could not be opened in the condition they were in; they were not sufficiently solvent.

Mr. TREADWAY. I am not making any reference to why it was done.

Mr. DOUGHTON. That is why it was done, as the gentleman will recall.

Mr. TREADWAY. I simply am saying what was done; and the Secretary of the Treasury did not seem to want to back up the action of his predecessor.

Mr. DOUGHTON. It was done for the interest of the banks and not for the interest of the Treasury.

Mr. TREADWAY. It was forced upon the banks in order to reopen the banks.

Mr. DOUGHTON. In order to make them sound so they could reopen.

Mr. TREADWAY. I went to the R. F. C. with enough bank officials to know the manner in which they got permission to reopen.

Mr. DOUGHTON. Mr. Chairman, if the gentleman will yield further—

Mr. TREADWAY. Certainly.

Mr. DOUGHTON. The gentleman is fair and he is intelligent. Now, was not the prime purpose to make the banks safe for the depositors' money and not for the benefit of the Treasury of the United States?

Mr. TREADWAY. The gentleman from North Carolina has one view of why it was done and I am entitled to my opinion as to another reason why it was done.

It was done, Mr. Chairman, in order that the Government itself could control all the banks of the country. That is the reason it was done. It is a further fact that today from 50 to 60 percent of the depositors' money in our banks is in Government securities and not in funds that are being used for commercial purposes.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. JENKINS of Ohio. Is it not true also that more than 50 percent of all Government securities are in the hands of the banks?

Mr. TREADWAY. Well, it is the same thing; the money of the depositors has come into the Treasury; and the reverse is, of course, true, as the gentleman says. It represents securities that have gone into the hands of the banks.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. DOUGHTON. Will not the gentleman also be kind enough to tell the House how much more money there is on deposit in the banks now than there was before the bank holiday, the great increase of deposits resulting from the confidence that has been reestablished in the banks?

Mr. TREADWAY. The gentleman may think there is increased confidence in North Carolina, but it does not exist among the business people in Massachusetts.

Mr. DOUGHTON. It exists all over the world.

Mr. TREADWAY. On the contrary, the business people of the country have not the confidence in the financial structure of this country today that he thinks they have.

Mr. FORD. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. FORD. The gentleman stated that this action was taken for the purpose of putting the Government in control

of the banks. In view of the banking structure we had prior to 1933, will not the gentleman admit that it was about time the United States Government took control of the banks?

Mr. TREADWAY. The banking structure then existing, the Federal Reserve System, was established by the Wilson administration. It may not have been perfect, but I will say for it that it was a blamed sight better than what is being done now.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield to my colleague from Massachusetts.

Mr. HEALEY. The gentleman does not want to leave the impression that there has not been an increase of confidence in the depositors in his own State of Massachusetts as reflected by the great increase of deposits in the banks of Massachusetts?

Mr. TREADWAY. I think the savings banks of Massachusetts are in splendid shape, and, of course, the national banks are now. I am not criticizing.

Mr. HEALEY. But the gentleman realizes that within the last year or two the deposits in the banks of Massachusetts have increased.

Mr. TREADWAY. The bank deposits have increased very largely, not, however, because the people have more confidence in our financial structure, but because they put their money in the banks rather than put it into industry.

Mr. CRAWFORD. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Is it not a fact that the deposits in the banks are very much larger today than heretofore by reason of the F. D. I. C.?

Mr. TREADWAY. Which one of the alphabetical deals is that?

Mr. CRAWFORD. That is the Federal Deposit Insurance. Is it not also true that money is being kept in the banks under the Federal Deposit Insurance rather than being invested in industry because those small depositors know they can get the full face value of the deposits while in connection with investment in the certificates proposed by this bill they will be subject to market depreciation and may have to dump their certificates at a big loss?

Mr. TREADWAY. The gentleman from Michigan [Mr. CRAWFORD] is showing a very definite knowledge of business conditions, and such opinions as he expresses I am sure are of great value to this House.

Mr. TAYLOR of Tennessee. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from Tennessee for a question, but I should like to allow some of the time to be used by other gentlemen on this side.

Mr. TAYLOR of Tennessee. Is there any valid reason why provision should not be written into this bill providing that the bonds to be issued shall not be subject to taxes? That is, the interest on the bonds issued?

Mr. TREADWAY. That is a question by itself, and I dislike to try to bring up the tax-exempt feature in the consideration of this measure. I think we had better let that pass for the time being.

Mr. RICH. Is it the duty of the Secretary of the Treasury to say what interest rate is to be paid on these bonds?

Mr. TREADWAY. The only direct reference to interest rates comes under this new issue of savings bonds.

Mr. COOPER of Tennessee. I think the gentleman is correct; but, if the gentleman will permit, of course, the question of market controls the matter of the interest rate.

Mr. RICH. Also the length of time in which these bonds are to run is left to the Secretary of the Treasury.

Mr. COOPER of Tennessee. Of course, there are four different types of Government securities issued, varying in periods of time.

Mr. DOUGHTON. That is for the purpose of taking advantage of whichever type may bring the lower rate. Sometimes the sale of one is to be obtained more readily than another with a lower rate of interest.

Mr. TREADWAY. The answer to the gentleman from Pennsylvania [Mr. RICH] appears on page 5, paragraph (b). I think that fully answers the gentleman's inquiry.

Mr. Chairman, my objection to the bill is to the manner in which it comes before the House, the lack of information, and the further curtailment of congressional power. We gave up yesterday all the legislative authority that was in existence. Here is just a little further example, and the probability is that this will continue to be the policy of the present administration, namely, to keep curtailing our power as representatives of the people and increasing the power of the Executive.

Mr. LORD. Will the gentleman yield for a question?

Mr. TREADWAY. I yield to the gentleman from New York very briefly.

Mr. LORD. The question has been brought up whether these bonds are going to be put out in such a way that the poor people may buy them. Is there any guaranty that the poor people will get back the amount of money they put in those bonds?

Mr. TREADWAY. I think that is a very pertinent inquiry, but I will have to refer you to the authority issued to the Secretary of the Treasury under paragraph (b). He could guarantee them and make rules and regulations that they may not be redeemed at less than the man put in them, but whether he will do that or not is a question to ask him, not me.

Mr. COOPER of Tennessee. And with 3-percent compound interest.

Mr. LORD. He is guaranteed to get back as much as he put in?

Mr. TREADWAY. No; there is no such guaranty.

Mr. COOPER of Tennessee. That is covered in paragraph (b), page 5, of the bill itself.

Mr. TREADWAY. That does not guarantee the return of the principal. Under existing law, the Treasury has been authorized to issue a total of \$28,000,000,000 of United States bonds.

This authority has been exhausted to the extent of \$25,500,000,000, leaving only \$2,500,000,000 that can still be issued without additional authorization from Congress.

The pending bill seeks to amend existing law by authorizing the Treasury to have outstanding at any one time \$25,000,000,000 of bonds.

Of the \$25,500,000,000 issued under the present authority, only \$13,500,000,000 are still outstanding. Thus the bill in effect authorizes the issue of \$11,500,000,000 of new bonds and gives the Treasury the right to reissue these bonds upon their maturity, as well as those now outstanding, without further authorization from Congress.

In other words, the bill gives the Treasury a permanent revolving fund of \$25,000,000,000.

In addition to its authority to issue bonds, the Treasury has the power under existing law to have outstanding at any one time \$10,000,000,000 of short-term Treasury bills and certificates and \$10,000,000,000 of 1-to-5-year Treasury notes.

There are now outstanding some \$9,500,000,000 of notes, but only \$2,000,000,000 of bills and certificates.

Under the pending measure, the present authority would be combined in one \$20,000,000,000 authorization, thus permitting the Treasury to issue short-term obligations with that total without restriction as to class.

Section 6 of the bill provides for the issuance of a new type of small-denomination bonds, to be known as "United States savings bonds." They would be issued under the general \$25,000,000,000 authority.

Mr. Chairman, I reserve the balance of my time.

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

GOVERNMENT POLICY

Mr. PATMAN. Mr. Chairman, this bill will establish the policy of the Government in the future as to issuance of its own credit or as to the issuance of further tax-exempt, interest-bearing bonds. I am against the further issuance of tax-exempt, interest-bearing bonds, but not for the same

reason that many people are advocating eliminating from our laws the provision that permits their issuance.

My reason is that I do not want more bonds issued by the Government. Their reason is that they want the people in the States where they are owned to pay taxes to those municipalities, counties, and States. There is a big difference.

Any time you have \$28,000,000,000 worth of bonds outstanding and you permit them to be taxed locally, you will pay at least \$400,000,000 a year additional subsidy or bonus to the holders of these bonds, which they will in turn pass on to the taxing power in New York and other States, from the State government on down to the city government. The reason I am opposed to the further issuance of tax-exempt bonds is because I do not want any more bonds issued, but if you are going to issue them, there is a serious question in my mind as to whether they should be tax exempt.

Mr. Chairman, we have a national debt today of \$28,000,000,000. At 3-percent compound interest which this Government pays, we will pay during the next 30 years \$38,000,000,000 interest on the \$28,000,000,000 and we will still owe the \$28,000,000,000. During the next 60 years we will pay \$130,000,000,000 on the \$28,000,000,000 and we will still owe the original \$28,000,000,000.

Mr. Chairman, may I ask the Members to seriously consider what we are doing here? We are adopting a policy of issuing more tax-exempt, interest-bearing bonds and paying people for the use of the Government's own credit.

You are endorsing the principle of further farming out to the private corporations of this country, the banking institutions, the greatest privilege on earth—issuing and distributing the Nation's credit. Instead of further farming out to them this great privilege, I should like to vote to take away from them the privilege they have today.

The Federal Reserve banks are owned by private corporations. Not one dollar of stock is owned by the Government or by the people. Every dollar of stock in these money-issuing institutions, receiving their money from the Bureau of Engraving and Printing for 27 cents a thousand dollars, which is the cost of printing and is all that they pay—these banks are owned by private corporations. Therefore, you are farming out to a corporation that is owned by private corporations, the greatest privilege on earth that you can give—the power to issue blanket mortgages against all the property of all the people and the power to issue mortgages against every dollar that the people of this country earn.

This is what you are doing. Do you want to further extend this privilege and enlarge upon this power? If you do, pass this bill as it is here today. But I do not want to do this, and I am going to offer an amendment, and I am going to seriously insist upon the adoption of the amendment. This amendment will restrict the interest rate that will be permitted on these bonds to not exceeding one-half of 1 percent. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 4 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, I am sorry we have not had more time to consider this bill. It is very fundamental to me for this reason: At the present time the banks of our country have taken the money which you and I and the other depositors placed in those banks and have purchased somewhere between \$12,000,000,000 and \$15,000,000,000 worth of Government bonds. They took this money and bought these bonds because the depositors let them do so.

This proposition is now submitted to us to change the picture because they figure that somewhere down this long lane the depositors will go to the bank cashiers and say, "I want my money", and when the bank cashiers meet that demand they will have to dump Government bonds on the bond market or place the bonds with the Treasury for collateral to secure currency. I do not believe the Secretary of the Treasury has enough money at his disposal to support the bond market; twelve to fourteen billions of dollars are offered by the banks in order to meet the demands of the depositors at a time when our people are again willing to

venture in industry and away from Government bonds. I am suspicious that someone else feels the same way.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I am sorry, I cannot yield.

Now, they propose to have "baby bonds" issued and sold to the washerwoman, the bellhop, the ditchdigger, and others who perform the stoop labor of the country, without any guarantee in the bill that this investment will be protected against loss by some racket or some manipulation of the bond market that may be imposed upon the small investors who take their earnings and invest in these "baby bonds" or savings certificates.

If you will put in this bill a proviso which guarantees the little investor the return of his principal so invested at any time he desires to "cash in", that will be something and that will create a market for some of this money which is now being carried by the depositors in the banks of this country.

I have two or three dollars in the bank and I am leaving it there, because it is guaranteed in principal, and I propose to leave it there until I can find that the Government will let me alone for 5 or 10 or 15 or 20 minutes, so I can draw the money out and invest it in property and put people back to work. I feel this so keenly that I must make this statement: In 1932, when business stopped and men lost hope and banks closed, I took my life-insurance policies, put them in hock, drew the money out, and helped put 7,000 men back to work, and risked and staked everything I had on earth or expected to have in order to keep people at work. As a result of this operation we paid into this Treasury Department nearly \$100,000 in income taxes on the operations of that year, and the group that went in with me, who were a group of 2,700 farmers, netted nearly \$700,000 out of the operation. [Applause.] That is the kind of relief we need in this country.

Mr. Chairman, coming from the industrial and agricultural walks of life, I have the past few days listened with great interest to the prejudiced statements which have been uttered from the floor of this House against organized business and the men who are charged with the responsibility of industrial leadership and to whom this Government and this administration and the majority now in this House look for relief in the placing on the pay rolls of this country some eleven million workers. One day we are asked to vote for the spending of \$4,000,000,000 in order to "prime the pump" and thus encourage industry to take hold and go about its business of employing people at living wages. The next day we are asked to vote for a measure which discourages industry and leads people away from industrial activity. This may all be "good politics", but it is very poor business.

Hurriedly reading this bill, I come to the conclusion that the Secretary of the Treasury now feels that the banks of this Nation will no longer support the purchase of Government bonds to the extent called for by House Joint Resolution 117 and which this House passed only yesterday and that now we must take steps to place the bonds in the hands of someone other than the banks. To carry out this request of the Secretary, it is now proposed to issue "baby bonds", or savings certificates, to be sold through the post-office windows and from other places and in denominations of as low as \$25 to the end that the poor of our country may even participate in the holdings of these "baby bonds." It is a truth that our poor people, when they are frugal enough to save from \$25 to \$50 or \$100, most all have an economic structure so constituted that it is only a short time until they have to liquidate their savings in order to meet some emergency.

Accordingly they are not in a position to place these "baby bonds" in a vault and forget them for 5 or 10 or 20 years and then cash them in. These bonds will not be negotiable instruments; instead, they will be as exchangeable in a way as is a \$5 bill. Therefore it will be very risky for the holders to leave them unprotected from thieves or other dangers of loss. When they have purchased these certificates or bonds, the next thing they will need is a safety deposit box, and how that does cost money. If I understand section 1 and section 22, part (a) of this bill, the Secretary may issue up to

\$25,000,000,000 of these "baby bonds." I wish to inquire of this House: If even one-fourth of this sum is issued in "baby bonds", how much of a loss will be suffered by the small purchasers of those bonds when the market runs down and they are forced to sell their holdings in order to meet actual living expenses? I wish to ask who will benefit through this loss on the account of that "bearish" market? I wish to ask why this bill does not carry a provision whereby the Secretary of the Treasury is specifically commanded to guarantee the principal cost of these "baby bonds" to those poor people who will invest their savings therein?

Is it not true that a stabilization fund is now in the hands of the Secretary with which to help protect the market at par on the bonds now held by the banks and the high and mighty of this country? Is it not also true that the extravagant spending program of this Government is now calling for such a vast issue of bonds that the Secretary now seeks other fields in which to place his issues, fearing that the bonds now held by the banks will eventually be dumped by the banks? Is it not true that when our people desire to return to their normal walks of life and again engage in producing food, clothing, and building shelter that the deposits now placed in banks by our people will be called back from the banks and invested in lands and factories and machinery and farm mortgages and goods on the shelf and our people thus put back to work and removed from the dole, from the welfare list, and from the Public Works pay rolls?

Is it not true that in seeking this "unorganized" purchasing power the Secretary is now going to the small wage earners and small-salary recipients to the end that he may now shift this burden of "market risks" away from the banks and to the small "baby-bond" holder? Is it not true that when this deal shall have been consummated it will again be possible for the "organized" money machine to bear down the price on these bonds and again scalp the small and weak holder through the purchase of these bonds at a price far below that paid by the original purchaser, who is in no way prepared to hold these bonds until maturity? Who is it that can purchase only in \$25 and \$50 lots and who is at the same time able to carry these "baby bonds" for a minimum of 10 years before they can cash in as this bill provides in section 22, paragraph (b)?

Mr. Chairman, often Members of this House stand here and malign the activities of some of our corporations for the nefarious practices they carry on against our people who cannot help themselves. Down through the years, while I have been engaged in industry, I have bitterly assailed the practice of corporations issuing stocks and bonds to their employees on an installment-purchase contract and without a guarantee to the employee against loss of principal invested. I have always contended that the corporation was in position to use duress on its employees through the offering of stocks and/or bonds on this basis, and that if offered at all, on a basis which would guarantee the unsuspecting employee against loss. So at this time I cannot refrain from calling to the attention of this House that it is very fundamental that this Government, in making an issue of securities of this nature, be very specific in providing against this loss to the small investor.

Recently this very Membership to a very great majority has voted a strict rule against those who would sell stocks and/or bonds to the investing public of this country. Through that legislation safeguards were attempted to be created which would protect the untrained and unsuspecting investor against loss through the "rigging" of the market. Can this Government fail to do as much in the issuance of its securities? Shall the great United States of America now be guilty of passing an act of this kind, designed to sell billions of dollars' worth of Government securities to poor people, small investors, the unsuspecting public without giving as much protection to them as the Government would have the corporations of this country give to the investors for those corporate securities? Ownership carries risk. This country cannot go on forever selling its bonds to banks only.

No doubt the Secretary now thinks it is time for the public to enter the Government-bond market. If that be true, then why does not the Secretary ask this House to grant the same protection to that public as has been granted to the banks which purchased the twelve to fifteen billion dollars' worth of Government securities? If this administration is now willing to ask the public to back up its faith in the new deal through the purchase of bonds issued to carry out the program of the new deal then why does not the administration go along and guarantee that part which is to be issued to the small purchaser, to the end that faith may be retained down through the years, and not only until the scalping takes place? The Secretary knows full well that so long as the great majority of bank credits, life-insurance premiums, and corporate-surplus savings are invested in Government bonds that little credit can be extended to so-called "organized" industry and to agriculture. If all savings are invested in bonds issued by the Government, then other lines of industry must suffer, farm values must remain at low ebb, production must decline, unemployment must increase, and Government costs must increase.

Wealth calls for production. Production gives people work. Work should be compensated by paying wages and salaries that enable the worker to maintain an American standard of living. When our people are thus engaged it will not be necessary for the Government to issue all these billions of dollars of securities, and then our poorer people will have a warmer place in the sun.

Mr. Chairman, I am opposed to the bill as it is now written. [Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from Washington [Mr. SAMUEL B. HILL].

Mr. SAMUEL B. HILL. Mr. Chairman, under existing law the Secretary of the Treasury has authority to issue Government securities in the form of Government bonds to a total of \$28,000,000,000. Under that authorization every issuance of a bond counts in making up the total of \$28,000,000,000, regardless of the fact that such an issuance may retire an equal amount of existing bonded indebtedness.

What this bill proposes to do is to authorize the Secretary of the Treasury to issue Government bonds to a total amount of \$25,000,000,000 that may be outstanding at any one time, so that when a refunding bond is issued and an existing bond is retired, that retired bond shall not count in the total limit that may be outstanding.

In addition to that, under the existing authority the Secretary of the Treasury has the right to issue Treasury notes to a total amount of \$10,000,000,000, and has the authority to issue Treasury certificates and Treasury bills to a combined total amount of not exceeding \$10,000,000,000.

Mr. MARTIN of Colorado. That would total \$45,000,000,000 outstanding.

Mr. SAMUEL B. HILL. Yes. This bill proposes to place the Treasury notes, Treasury bills, and Treasury certificates in one class, so far as the authorized amount of outstanding short-term securities at one time is concerned. Instead of having ten billion in notes and ten billion in certificates and bills we may have a total of twenty billion in notes, certificates, and bills.

Under the authorization existing at this time of a total of \$28,000,000,000 there has been issued from time to time a total amount of \$25,450,457,115, leaving an authorization at this time in the issuance of bonds only about two and one-half billion dollars.

Notwithstanding the fact that in the issuance of these bonds under this authority there have been retired bonds to the amount of \$11,975,539,000, leaving a total of outstanding bonds at this time of thirteen and one-half billion dollars in round numbers.

Of this total limit of \$28,000,000,000 there remains now in the Treasury authority to issue only about two and one-half billion dollars of additional bonds.

Mr. CARLSON. Will the gentleman yield?

Mr. SAMUEL B. HILL. Yes.

Mr. CARLSON. In case the bonus is authorized to be paid will this be sufficient to pay that bonus without additional authorization?

Mr. SAMUEL B. HILL. It will permit the issuance of bonds for the financing of any expenditure authorized by Congress.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. Yes.

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. SAMUEL B. HILL. Mr. Chairman, I ask unanimous consent to extend by remarks in the Record and to insert a statement by the Treasury Department showing just the status of the outstanding bonds and what this bill would do if enacted, in the matter of authorization of the total amount that might be outstanding, both as to bonds and Treasury notes, as well as Treasury certificates and Treasury bills.

The CHAIRMAN. The gentleman from Washington asks unanimous consent to extend his remarks in the Record and to insert a certain statement from the Treasury Department. Is there objection?

There was no objection.

The statement is as follows:

Statement showing present authority to issue bonds, notes, certificates of indebtedness, and Treasury bills under the Second Liberty Bond Act, as amended, and under proposed amendments, Dec. 31, 1934

Bonds, under present authority:	
Total issuable.....	\$28,000,000,000
Total issued:	
Liberty bonds.....	\$14,948,096,150
Treasury bonds.....	10,502,390,965
	25,450,487,115
Balance now issuable.....	2,549,512,885
Total authorized.....	28,000,000,000
Total issued.....	25,450,487,115
Total retired.....	11,975,539,465
Total outstanding.....	13,474,947,650

Under proposed amendment:	
Total which may be outstanding at any one time.....	25,000,000,000
Now outstanding:	
Liberty bonds.....	\$3,194,086,650
Treasury bonds.....	10,280,861,000
	13,474,947,650
Balance issuable.....	11,525,052,350

Notes, certificates of indebtedness, and Treasury bills under present authority:	
Notes:	
Total which may be outstanding at any one time.....	10,000,000,000
Now outstanding, Treasury notes.....	9,586,377,400
Balance issuable.....	413,622,600

Certificates of indebtedness and Treasury bills:	
Total which may be outstanding at any one time.....	10,000,000,000
Now outstanding:	
Certificates of indebtedness.....	\$158,300,000
Treasury bills.....	1,954,168,000
	2,112,468,000
Balance issuable.....	7,887,532,000

Under proposed amendments, notes, certificates of indebtedness, and Treasury bills:	
Total which may be outstanding at any one time.....	20,000,000,000
Now outstanding:	
Notes.....	\$9,586,377,400
Certificates of indebtedness.....	158,300,000
Treasury bills.....	1,954,168,000
	11,698,845,400
Balance issuable.....	8,301,154,600

Mr. TREADWAY. Mr. Chairman, I yield the remainder of my time to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman, this bill looks rather simple on the face of it. Neither the reading of the bill nor the discussion of it here has aroused any great interest or deep concern. I do not know how the rest of you gentlemen feel, but I feel quite as great a sense of responsibility when I think of my people who sent me here as I have at any time since I have been in the Congress of the United States. It is not what the bill says on the face of it that disturbs me. It is what the bill portends so far as the future of the country is concerned. Mr. Secretary Mergenthau, when he appeared before the committee, admitted it would be impossible for this Government to finance the appropriation which the Democratic majority made yesterday of nearly \$5,000,000,000 without the aid of this or similar legislation. Just what does this bill mean? Let us look just for a moment behind the curtain, and I am not attempting to arouse any suspicion, and I realize that anything I may say will not change a vote in this House. I expect to vote for the bill, but I would feel derelict in my duty toward my constituents if I were not to express my honest views as to the actual purposes of the bill.

The bill provides that the Government can increase its borrowing power to \$45,000,000,000. What does that mean? It means that the Government expects eventually to use the power that is granted and that it will be necessary to use it. Another very significant clause in the bill is in regard to these "baby bonds," to be sold through the post offices in every part of the country. They are to be sold in small denominations and they are to be sold at a discount. These bonds will run for a longer time than the buying public—that is, the banks—care to buy at this time. I want the people in my district to take notice in regard to these so-called "baby bonds." I do not want them to be deceived at all as to just where the country is going and just what this bill seeks to anticipate when we arrive at the time, as we surely will, when the banks have no confidence in United States bonds, unless men pause to think and slow down this spending program that we are following at the present time. It means that we are headed for inflation, and I pray to God it may not be extreme or uncontrolled inflation, but all the signs of the times point in that direction, and thoughtful men, shrewd financial men all over this country, know that we are getting a little closer all the time to the precipice. It will not take a whole lot to shove us over. I hope that our country can be saved from what other countries have suffered.

I hope that the great working classes and the middle class, the thrifty, may be saved from the pestilential curse that has been visited on other splendid, enterprising civilized countries because the legislatures and the legislators in them have lacked the courage to face conditions and facts. The time is coming when the banks as trustees of their depositors will no longer buy these Government bonds. Remember that. Such a bill as that which the Democratic majority passed yesterday appropriating \$5,000,000,000 and some more bills which Congress has in contemplation, is going to hurry the day when wise investors will refuse to buy the bonds of Uncle Sam. This bill is anticipating that very grave zero hour. It is now proposed to approach the little man with a splendid bargain in "baby bonds" at a discount that will not mature until after that event occurs.

We have had an experience in the sale of "baby bonds." In April 1933, \$500,000,000 of notes or "baby bonds" were offered to the public in denominations of \$100 each, so that the little man, the laboring man, the school teacher, the doctor, could buy these bonds. To encourage the purchase of the bonds a statement was issued by the Secretary of the Treasury that the bonds would all be paid, principal and interest, in gold of the then standard. Within 3 months this Government that had made that promise through its official repudiated that promise. Time will tell and the courts will determine whether that repudiation stands or not. Are we, through the process of inflation, going to relieve the strain on the banks and depositors' funds, the stress and strain that is now causing the banks to hesitate to take our bonds, and unload the uncertain and precarious burden upon the shoulders of thrifty people of moderate

means? When I say this I am not an alarmist. I am revealing facts. I have here on the desk a report, the result of an exhaustive research carried on by one of the great, one of the very great universities of this country, looking to its self-preservation. I refer to Duke University, located in the State of my beloved chairman. The officials of the university thought they saw, and they still think they see, the approaching catastrophe. They know that the life of Duke University, as well as other endowed universities in this country, its very life, its very existence, and its ability to serve young America and to help underwrite the future of the United States, depends upon whether we have inflation or not. This great university caused to be made a most exhaustive research here and abroad so that every thoughtful man in the United States, every man interested in endowed institutions of any kind or character might see what would happen if inflation should come.

This research shows that in Germany, the University of Frankfurt had 38 gilt-edge endowments, largely in the Government bonds of Germany, guaranteed. After the inflation was over and the money was devalued, the University of Frankfurt found itself practically in bankruptcy. It realized less than 14 percent on what was supposed to be perfectly sound endowments.

The time has come, gentlemen—and I am not speaking politically, but I am speaking for my country and your country—when we cannot afford to have a bill of this character brought to the floor of this House unless a committee, such as the Ways and Means Committee, which, omitting myself, is composed of men of marked ability, with minds of keen power of analysis, financial experts, who should at least feel not only responsibility to this generation but, as Members of Congress and under the oath of office, should assume some responsibility for posterity. This bill should have been scrutinized with the utmost care, and we should have known the implications and purposes of the bill, not as written in the bill in technical language, but we should have a picture of where we are going and where it is all going to end, and just why this legislation has been asked for by the Treasury Department.

I will support the bill, because we are now driven to the point where we must have this legislation to meet the exigencies which the haste and waste of this administration have created. This bill is a danger signal hoisted in front of this great legislative body, that you may not go on in this manner of legislating with undue haste on these important matters lest inflation engulf the Nation. [Applause.]

The CHAIRMAN. The time of the gentleman from New York [Mr. REED] has expired.

Mr. DOUGHTON. Mr. Chairman, I yield the remainder of my time to the gentleman from Kentucky [Mr. VINSON].

Mr. VINSON of Kentucky. Mr. Chairman, I feel that the distinguished gentleman from New York [Mr. REED] is somewhat unduly alarmed.

I want to call the attention of the House to the fact that no one opposes this measure. No one as yet has spoken in opposition to the measure.

It is a measure of necessity, due to the money mechanics of our Government.

Yesterday we passed an authorization calling for \$4,000,000,000 expenditure in long-term obligations, Government bonds, and we only have authority to issue two and one-half billion dollars. It is not only a necessity, but every person who heard the splendid statement of the gentleman who graces the Treasury and in whom this country has confidence was impressed with the fact that it was a money-saving device. People may laugh off the fact that \$125,000,000 in interest was saved from January 1, 1933, to December 31, 1933, but this country recognizes that as an outstanding achievement.

One gentleman said he feared for the depositors in banks, and in the next breath he said he had \$2 or \$3 he was going to keep there because he was not afraid to leave them there. This country has confidence in our banking structure today. It has confidence in the administration. It has confidence

in the man in the White House, President Roosevelt, and this is a measure complementary of that passed yesterday, one of necessity, and a money-saving measure.

Mention was made about the limit of \$45,000,000,000 in indebtedness. May I call attention to the fact that under other administrations the limits were \$48,000,000,000; \$28,000,000,000 in long-term obligations and \$20,000,000,000 in short-term obligations. This bill does not increase the indebtedness of this country one single dime. It does not create any power to issue bonds or short-term obligations unless the Congress of the United States makes the authorization.

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. VINSON of Kentucky. I yield.

Mr. MARTIN of Massachusetts. Will the gentleman tell us what administration had \$48,000,000,000?

Mr. VINSON of Kentucky. It has it now. The outside figure now is \$28,000,000,000 of long-term obligations and \$20,000,000,000 short term.

Mr. MARTIN of Massachusetts. But the gentleman said another administration. I am trying to find out what administration that was.

Mr. VINSON of Kentucky. It may be some gentlemen may not understand why it is necessary for the change with the \$28,000,000,000 authorization in the law. It is necessary because when those bonds were retired, they could not be reissued. We have outstanding now under long-term obligations thirteen and one-half billion dollars. I may say to the gentleman that this present law has been on the books far longer than the gentleman has been in Congress.

Mr. MARTIN of Massachusetts. I want to know what administration it was.

Mr. VINSON of Kentucky. It came into being under the war, the Wilson administration, and it stayed here under Mr. Harding. It stayed here under Mr. Coolidge, under Mr. Hoover, and now we are correcting the matter today under Mr. Roosevelt.

Mr. MARTIN of Massachusetts. It was under the Wilson administration.

The CHAIRMAN. The time of the gentleman from Kentucky [Mr. VINSON] has expired. All time has expired. The Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That the Second Liberty Bond Act, as amended, is further amended as follows: The first paragraph of section 1 is amended to read as follows:

"The Secretary of the Treasury, with the approval of the President, is hereby authorized to borrow, from time to time, on the credit of the United States for the purposes of this act, to provide for the purchase, redemption, or refunding, at or before maturity, of any outstanding bonds, notes, certificates of indebtedness, or Treasury bills of the United States, and to meet expenditures authorized for the national security and defense and other public purposes authorized by law, such sum or sums as in his judgment may be necessary, and to issue therefor bonds of the United States: *Provided*, That the face amount of bonds issued under this section and section 22 of this act shall not exceed in the aggregate \$25,000,000,000 outstanding at any one time."

Mr. DIES. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. DIES: Page 2, line 8, after the word "aggregate", strike out "\$25,000,000,000 outstanding at any one time" and insert in lieu thereof the following: "At any one time three times the total amount of all outstanding currency of the United States."

Mr. DIES. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. DIES. Mr. Chairman, the purpose of this amendment is to limit the amount that the Government can issue in bonds to not exceed at any one time three times the amount of all outstanding currency of the United States Government. In other words, we have today \$5,500,000,000, approximately, of United States currency outstanding.

Under the terms of this amendment, in order for the Government to issue \$25,000,000,000 in bonds, it would be necessary to increase the total amount of currency outstanding in the United States to about \$8,000,000,000.

I know that there are gentlemen who will immediately say that this would be inflationary, but, as a matter of fact, we have in the Treasury today approximately eight and one-half billion dollars of gold and nearly a billion dollars of silver.

Against this gold we have an outstanding currency issue of approximately \$5,500,000,000. So we can safely issue currency against the gold profit that we have in the Treasury of the United States to the extent of \$2,500,000,000 in case we wanted to have a 100-percent reserve back of our currency; or in case we desired to issue currency based upon 40-percent metallic reserve, we could expand the currency issue much greater than that. We can preserve the stabilization fund and still issue against the gold a billion dollars of new currency.

Gentlemen talk about the harmful effect of inflation, but they should remember that the issuance of these bonds is inflationary, for we are creating an artificial purchasing power that is being borrowed on the future, a purchasing power that must eventually be paid by generations yet unborn, and a purchasing power that is exempt from all taxation. Not only are we creating an artificial purchasing power which must be paid for by the American people but we are, as an inducement to those who have capital, making these bonds exempt from all taxation.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. DIES. I yield.

Mr. VINSON of Kentucky. Government bonds are not exempt from all taxation; they are subject to the surtax.

Mr. DIES. That is true.

Mr. VINSON of Kentucky. The gentleman's statements carry so much weight that I know he wants to be strictly accurate.

Mr. DIES. The gentleman is correct, and I accept the gentleman's amendment. But they are exempt from most taxes, are they not? Anyway they are exempt from municipal and State taxes and from a majority of Federal taxes. The effect is that we are transferring the burden of this indebtedness to the middle class and to the wage earners and farmers of the country because those who should share the responsibility of the Government, who should share their responsibility of this economic crisis and the tremendous expenditures incurred, will evade taxation, and the burden of this expenditure must be met by the middle classes in the United States.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. DIES. I yield.

Mr. PATMAN. Is it not true that corporations do not pay the surtax? As the gentleman knows, I am very much interested in this subject.

Mr. VINSON of Kentucky. There is no surtax on the corporations.

Mr. DIES. I hope I may be permitted to continue. The gentleman on the other side has said that this is inflation. As I have pointed out, our present outstanding currency could be redeemed 100 percent in metal. Not only is that true, but, in carrying out my plan, we would in no way depart from sound currency, for we would still have 100-percent backing. It must not be forgotten that practically every country on the face of the earth has been compelled to expand its currency in order to meet the unusual situation throughout the world. France reduced its franc to one-fifth of its original weight and wiped out four-fifths of the debt of France, and they repudiated their foreign indebtedness. England, the country which has always represented conservatism in finance, not only resorted to drastic currency expansion and entirely wiped out a large percentage of its indebtedness—not only did it do that, but England captured the markets of the world by cheapening her currency below the currencies of other countries.

And so gentlemen talk about inflation. At least this amendment I am offering gives the House an opportunity to say that if you are going to have \$25,000,000,000 of bonds then you must have at least \$8,000,000,000 of currency outstanding and you must issue the currency on the basis of the gold profit that we made. [Applause.] Why did we revalue it; what was the purpose of revaluing the dollar if we did not intend to utilize that revaluation to lift from the backs of the American people the crushing tax burden and the crushing burden of indebtedness that is paralyzing industry in the United States? For what purpose have we now idle in the Treasury of the United States \$2,800,000,000 (with the exception of the limited amount used for the stabilization fund) if we do not intend at this moment of crisis to utilize it in order that we may put more money into circulation in the United States, not fiat money, not so-called "printing-press money", but money that has behind it an adequate metallic base? Not only will this enable us to take full advantage of the gold revaluation, but it will relieve to the extent of nearly \$3,000,000,000 the interest paid by the American people on that much indebtedness.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield?

Mr. DIES. I yield.

Mr. SAMUEL B. HILL. What is the logic in money economics of basing the inflation of the currency upon another form of Government indebtedness instead of upon the metallic base?

Mr. DIES. If we issue the currency upon the metallic base we have in the Treasury, we certainly meet the objections of every conservative and reactionary money advocate who denounces every form of currency with the exception of that which has a metallic base.

Mr. SAMUEL B. HILL. That question is not involved in this bill and we ought not to include it.

Mr. DIES. But we are providing in this bill for a possible bond issue of \$25,000,000,000, which, I understand, is to refinance outstanding bonds and notes. Are we not at least entitled to say that if the Treasury issues \$25,000,000,000 of bonds, then it must also issue and have outstanding at least \$8,000,000,000 of currency in the United States?

Mr. SAMUEL B. HILL. The gentleman is recognized as an authority.

Mr. DIES. No; I am not an authority.

Mr. SAMUEL B. HILL. What is the logic of that kind of argument?

Mr. DIES. The logic of that kind of argument is to make effective the Gold Revaluation Act, to lift from the backs of the taxpayers the burden of some of the tax-exempt securities, securities which exempt the people who ought to be bearing their share of the burdens. They are not bearing their proportionate share of the burdens of this depression but are escaping responsibility simply by buying tax-exempt securities. [Applause.]

Who is going to pay for this? The wage earners and the middle class and farmers who are not buying bonds. The people who cannot escape the burdens of this depression will bear the burden and pay the debt. I bring this matter before the House now, because sooner or later it is coming to a showdown. We cannot continue to issue in the United States bonds and tax-exempt securities.

[Here the gavel fell.]

Mr. McCORMACK. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman from Texas [Mr. Dies] has made a very able speech, one which I enjoyed listening to and one which at another time might be pertinent to a pending bill, but it was a speech absolutely irrelevant to the bill now before the House. The gentleman made a speech which causes an emotional reaction, but we have to look at this bill sanely, calmly, and coldly. This is not a bill that should be used as a vehicle for expanding the currency. Personally, I am not afraid of a controlled expansion of the currency, carrying with it velocity, but I will vote on that matter when the proper bill comes before us.

This bill has nothing for its immediate objective other than saving money to the taxpayers of this country. Its immediate purpose is to enable a refinancing of our outstanding indebtedness and to convert some short-time indebtedness into long-term indebtedness in a manner that will be beneficial to the taxpayers of this country. There has been some refinancing by the Treasury Department during the last year or year and a half, which has brought about a saving in interest payments to this country on its outstanding indebtedness of well over \$100,000,000. This has been done by the present able and distinguished Secretary of the Treasury, but it takes time to accomplish these things. It requires machinery, and this bill proposes to give the Secretary of the Treasury the machinery through which that might be accomplished in the future.

The gentleman from Texas [Mr. Dies] talks about bonds and currency being in a ratio of 3 to 1. I do not know much about the currency or the money question, although I have given it study in order to try to form an honest opinion in my own mind as to how I should vote when the matter comes before this House. My opinion as expressed by my vote may be wrong, but at least I am striving for evidence that will, so far as my own mind is concerned, satisfy me that it is an honest opinion. One of the things I have learned from my study is that currency is subject to the law of supply and demand, and the amendment of the gentleman from Texas [Mr. Dies], so far as this bill is concerned, does not give consideration to that question.

Mr. PETTENGILL. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Indiana.

Mr. PETTENGILL. If there was a great demand for currency, there would be a greater supply?

Mr. McCORMACK. Yes.

Mr. DIES. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Texas.

Mr. DIES. The gentleman said that we ought to vote on this as an independent measure. The gentleman knows, does he not, that we will probably not have that opportunity?

Mr. McCORMACK. Oh, that is not the point.

Mr. DIES. That is practically the legislative situation.

Mr. McCORMACK. The gentleman from Texas is one of the leaders of the House of Representatives.

Mr. DIES. The gentleman flatters me.

Mr. McCORMACK. The gentleman has been recently elected to the Committee on Rules, and as a leader of the Democratic Party he certainly does not want to put himself in the position of offering an amendment which will defeat the very purpose the administration has in mind in presenting this bill, because I am sure the gentleman wants to collaborate with his own administration.

Mr. DIES. The President is requesting a bill to be passed by Congress authorizing him to issue \$3,000,000,000 in currency and in bonds. Will it be defeating the administration's policy to merely make effective the gold revaluation policy and put into effect laws that have already been passed? [Applause.]

Mr. McCORMACK. The gentleman is discussing a bill which has no relation to this bill. If a bill for that purpose is brought in, where it is a straight issue before the House, then the gentleman's argument is probably pertinent, but this is simply a bill the immediate objective and purpose of which is to permit the refinancing of the present outstanding indebtedness of the country and one which will result in a saving to the Government and to the American people.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Washington.

Mr. ZIONCHECK. If there are \$20,000,000,000 in currency today outstanding, will that bring about prosperity?

Mr. McCORMACK. That is a moot question.

[Here the gavel fell.]

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent to proceed for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. ZIONCHECK. Has the gentleman heard anyone who advocated the increase of currency tell how this money would get into the pockets of the unemployed or the workmen?

Mr. McCORMACK. I do not want to get into a moot question. I do not want to have this bill put in a controversial position, and I do not want the bill to be misunderstood.

The arguments of the gentleman from Texas [Mr. DIES] impresses me, although I am not saying that I agree completely with them. I am also impressed by my own independent study which gives justification to a controlled expansion of the currency carrying with it velocity. That is why I believe payment of the bonus is the proper vehicle by and through which such velocity may be obtained.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Kentucky.

Mr. VINSON of Kentucky. The statement of the distinguished and learned gentleman from Texas was in regard to the bond issue being three times the currency in circulation. Why does he not use the figures three and a half, four, or five times?

Mr. McCORMACK. I do not want to have that injected either. I want to have this bill presented to the Members in its true light. I think the gentleman from Kentucky analyzes and appreciates my state of mind correctly.

The amendment, no matter how praiseworthy, is a controversial amendment. I know the motives of my friend are high and sincere, but the ultimate result of the amendment, if adopted, would be to defeat a measure which the administration proposes and the operation of which will be beneficial to the taxpayers of this country.

Mr. KENNEY. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. KENNEY. The gentleman is a member of the committee, and I have been trying to find out some information about the bill; and although it has been stated it is in the bill, I do not read it there. Does the gentleman know what the intention is as to the rate of interest on these bonds? Is it intended to pay at the rate of 3 percent, or something less than that?

Mr. McCORMACK. I cannot answer that question. All I can say to my friend is that there has been some refinancing by the Secretary of the Treasury, and the average annual interest rate on interest-bearing debt on January 31, 1933, was 3.407 percent, whereas—

Mr. KENNEY. I am talking about the savings bonds.

Mr. McCORMACK. On savings bonds I think it is 3 percent.

Whereas on December 31, 1934, the average rate of interest was 2.96, a reduction of .447 percent, and a saving of well over \$100,000,000.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. Briefly, yes.

Mr. CRAWFORD. It is proposed to save an interest charge by paying interest to these baby-bond holders at the rate of 3 percent when the Treasury is selling bonds to the banks today at much less than 3 percent. Do you then propose to saddle that saving on the holders of these baby bonds, who will undoubtedly be forced to dump their bonds on the market with a loss in principal?

Mr. McCORMACK. The gentleman is drawing a conclusion.

Mr. CRAWFORD. The gentleman seems to know so much about this bill, I should like to have some information on it based on experience and study.

Mr. McCORMACK. The gentleman is drawing a supposition and a conclusion with which I am not in accord. The baby-bond provision is only a minor matter. The gentleman is advancing, as major opposition to this bill, something which is really only a minor matter.

I simply want to conclude with this statement: There is nothing political in this bill. As the gentlemen on the Republican side have well said, it is a simple bill. There is not anything controversial about the bill. The bill was reported unanimously by the committee, my Republican colleagues on the committee voting for it as well as my Democratic colleagues. It does not change in any material way existing law.

The bill has a simple purpose. However, its simple purpose becomes dangerous when it is proposed to be used as a vehicle for amendments to be offered which are highly controversial, and which involves the currency subject.

Clearing away all unnecessary verbiage, this measure simply gives to the Treasury Department the right to issue bonds up to \$25,000,000,000, a sort of revolving fund. It reduces the present outstanding maximum from \$28,000,000,000 to \$25,000,000,000. It does not in any way change the short-term indebtedness except instead of \$10,000,000,000 being in notes and \$10,000,000,000 in Treasury certificates, there is a maximum of \$20,000,000,000 for any form of short-term indebtedness, which maximum exists at the present time, although divided as I have stated.

The bill is simple, the bill has a definite purpose in view, and there is nothing controversial about it. It is aimed to benefit the Government and the taxpayers, and I hope the bill will go through in the form in which it has been reported by the entire Committee on Ways and Means. [Applause.]

[Here the gavel fell.]

Mr. PATMAN. Mr. Chairman, I offer an amendment to the Dies amendment.

The Clerk read as follows:

Mr. PATMAN offers an amendment to the Dies amendment: After the last word in the Dies amendment add a comma and insert "not including currency deposited or held by the Treasury."

Mr. PATMAN. Mr. Chairman, I hope the amendment is acceptable to the gentleman from Texas, and I am sure it is, because, as it is now, we have about \$10,000,000,000 in actual money, but about one-half of it is hoarded or held by the Treasury of the United States and is never in circulation.

So if we do not put this provision in, the additional money will be hoarded as the other has been hoarded for many years.

The gentleman from Massachusetts and the gentleman from Kentucky say why not make it three and a half or five to one. The distinguished gentleman from Texas [Mr. DIES] is seeking to make a definite step in the right direction. We cannot have a perfect bill by amending it on the floor but we can make a step—a definite, positive step—in the right direction, and that is what we are attempting to do.

The gentleman from Massachusetts [Mr. McCORMACK] says that it will interfere with the refunding operations. It will save the Government interest on money paid out.

Let the Government issue \$5,000,000,000 in currency and no one will be paying a penny of interest on the money outstanding. The taxpayer will not be required to pay one penny of interest, but if you issue bonds and sell the bonds to the banks—a mere matter of bookkeeping—the banks give the Government credit and the Government pays interest on the credit.

The proposition of the gentleman from Texas, Mr. DIES, and that of Mr. McCORMACK is the difference in the interest rate.

The proposition of the gentleman from Texas will save an enormous sum of money.

I dislike to amend a bill like this, but you can stay here 25 years and you will never have the question directly brought to you. You can be here 25 years, under the rules of this House, and you will never have a chance to vote directly on the proposition. If you want to make a step in the right direction, do it by voting for the amendment of the gentleman from Texas [Mr. DIES].

Oh, I know that Members will say, "If it had been brought up in the right way, I would have been glad to have voted for it." That is a good storm cellar. I do not know much

about parliamentary procedure, but that is a good storm cellar with all modern conveniences.

Mr. McCORMACK. I think the gentleman will agree that when I made the statement I could refer to evidence in the past in support of that statement.

Mr. PATMAN. Not when this question was being agitated. If this question were to die down and there was no agitation about it, no danger, possibly they would bring something up; but there is danger now, and the gentleman knows that no legislation will be brought out on the floor of this House that will permit this question to be voted on directly, and I ask the Members to vote for the Dies amendment.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. SAMUEL B. HILL. Mr. Chairman, if you want to kill this bill, then vote for the amendment offered by the gentleman from Texas [Mr. DIES], supported by the gentleman from Texas [Mr. PATMAN]. The amendment that Mr. DIES has offered here has no relevancy to the subject matter of this bill at all. He is talking about expanding the currency in accordance with legislation heretofore passed, but the purport of the amendment is to expand the volume of the currency upon the basis of another form of Government credit. That is not in keeping with the legislation to which he refers, the gold-devaluation legislation, and so forth. Here is a bill designed to enable the Secretary of the Treasury to refinance to the very best advantage of the country the outstanding indebtedness as it becomes due, and if you are going to give him that authority this bill should be passed as it is presented here, and the amendment of the gentleman from Texas should not be adopted. I understand very well that my friend, the gentleman from Texas [Mr. PATMAN], is opposed to Government bonds, or to the further issuance of Government bonds. I have no quarrel with him on that, but we have that system now, and you cannot change it in this bill at this time. This amendment does not propose to make that change, but if we are to enable the Secretary of the Treasury to do the things obviously necessary for him to do, then we must let this bill pass and vote down this amendment.

Mr. MASSINGALE. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. Yes.

Mr. MASSINGALE. What amount of bonds does this bill contemplate shall be issued in excess of the amount required to refund outstanding Government bonds?

Mr. SAMUEL B. HILL. Only such amount as shall be necessary to finance by bond issue the expenditures authorized by Congress in subsequent legislation.

Mr. MASSINGALE. Can the gentleman tell me approximately what that might be?

Mr. SAMUEL B. HILL. Any authorized expenditure which it might be necessary to meet by bonds can be made in that way under this bill up to the outside limit of \$25,000,000,000.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. Yes.

Mr. McCORMACK. Of course the Secretary of the Treasury cannot issue new bonds unless the Congress authorizes it.

Mr. MASSINGALE. I get that. In addition to that I should like to be informed, if I may, in respect to this. The gentleman made a statement a while ago that this is not the time to offer an amendment or to entertain an idea of stopping the issuance of interest-bearing Government bonds. If not, why not?

Mr. SAMUEL B. HILL. Because we have that system in force. We have these bonds. They must be taken care of. The only way that you can do it is under the provisions of the bill that we have here or a similar bill. If you want to change the entire system, come in at some subsequent time and from that time on proceed without the issuance of bonds.

Mr. CONNERY. Mr. Chairman, I move to strike out the last word. Mr. Chairman, the financial aspects of this

amendment have been thoroughly discussed today by the gentlemen from Texas [Mr. PATMAN and Mr. DIES] and by my good friend and colleague the gentleman from Massachusetts [Mr. McCORMACK], and by the committee. There is one thing that is very clear in my mind, however. I understand we have some \$36,000,000,000 worth of tax-exempt securities in the United States. I do not believe these securities should be tax exempt. It seems to me that any move in the direction of a controlled expansion of the currency, any move which will allow us to get some new currency out against the \$8,000,000,000 worth of gold that we have in the Treasury, would be a good thing, provided it does not go merely to the bankers of the country. We should get this money out amongst the people and get it in circulation. This amendment would not interfere with the financing of this \$5,000,000,000 bill that we passed yesterday. It simply gives the Treasury, you might say, an option on a certain amount of bonds being issued and a certain amount of currency being issued, thereby cutting down the issuance of more billions in bonds upon which the Government must pay interest.

I am not going to take the time of the House further, except to say that I have read a great deal on this subject, and I have listened to some learned discussions on the matter, and I have finally come to the point where I am in favor of a controlled expansion of the currency. You might call it "mild inflation." I do not see why, every time the Government wants to finance its expenditures, we have to turn out ten or twelve or twenty or thirty million dollars' worth of bonds and turn them over to the bankers, pay them interest on them, and then in the final analysis the working people of the country and the consumers of the country pay that debt, and very few workers or farmers can afford to purchase any bonds.

I simply close by saying that I intend to vote for the Dies amendment as amended by the Patman amendment.

The CHAIRMAN. The time of the gentleman from Massachusetts [Mr. CONNERY] has expired.

Mr. VINSON of Kentucky. Mr. Chairman, I rise in opposition to the pro forma amendment. My good friends the gentlemen from Texas, Messrs. PATMAN and DIES, are presenting amendments, and these gentlemen at no place in this debate have given you any authority for or the effect of their amendments. Now, I ask this House seriously where do they get the figure "three times the currency"? Nobody from the Treasury gives authority for that figure; no one else does. They do not tell you how many bonds will be permitted to be issued if these amendments are adopted. With the Patman amendment to the Dies amendment I do not know whether there would be authorized more than the thirteen and one-half billion in bonds now outstanding or not. Under the Dies amendment, I could make a computation. I could take five and one-half billion dollars in currency and multiply it by three and get sixteen and one-half billion dollars. In other words, there could be bonds issued to the extent of sixteen and one-half billion dollars. With thirteen and a half billion dollars of long-time bonds outstanding, there would be \$3,000,000,000 left. Now, where could we get the money to finance this authorization which we made yesterday of more than \$4,000,000,000 for relief to the needy public works in furtherance of the President's recovery program?

Mr. PATMAN. Will the gentleman yield for a question?

Mr. VINSON of Kentucky. In just a minute. Then they have some sort of a "presto change" tying it in with the \$800,000,000 of gold resulting from gold devaluation. One of the gentlemen said a small part of this gold is tied up with the stabilization fund. That is true. Two billion dollars is tied up in the stabilization fund. In other words, the larger part of this additional credit is already allocated.

It is a serious proposition when someone takes a lead pencil and writes the figure 3 in an amendment of this kind. It is time to stop and think whether it should be $3\frac{1}{4}$, $3\frac{1}{2}$, 4, or 5 times, or what not, in order to effectuate the purpose of the authors of the amendments.

Mr. Chairman, I say in conclusion that there is no financial authority that justifies really serious consideration of

such amendment by men who were elected to represent great districts in this Congress. It is a most dangerous thing to legislate in the dark.

Mr. DOUGHTON. Mr. Chairman, I move that all debate on this amendment and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment to the amendment.

The question was taken; and on a division (demanded by Mr. PATMAN) there were—ayes 53, noes 97.

So the amendment to the amendment was rejected.

The CHAIRMAN. The question is on the Dies amendment.

The amendment was rejected.

Mr. BOILEAU. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BOILEAU: On page 2, line 9, at the end of the section, add a new section, as follows:
"Sec. 2. Subsection (b) of section 5 and all of section 7 are hereby repealed."

Mr. McCORMACK. Mr. Chairman, I make the point of order against the amendment that it is not germane to the bill or to the section to which it is offered.

The CHAIRMAN. The Chair will hear the gentleman from Wisconsin on the point of order.

Mr. BOILEAU. Mr. Chairman, in my opinion there is no justification for the point of order raised by the gentleman from Massachusetts. The bill now under consideration begins with the statement that "the Second Liberty Loan Act as amended is further amended as follows"; and all of the amendments in this bill are amendments to that particular act.

The two sections proposed to be repealed by my amendment are now in the Second Liberty Loan Act. They deal with bonds that are issued and to be issued under authority of the Second Liberty Loan Act. That act provides that bonds issued under the authority of that act shall be tax-exempt, and bonds so issued have been tax-exempt. Bonds and securities issued under the authority of this bill, should it be enacted, would be tax-exempt because of the provisions of section 7 and subsection (b) of section 5 of the Second Liberty Loan Act; and it is these two sections that my amendment proposes to repeal so that no longer will we have this system of tax-exempt bonds. It will apply to all of the \$45,000,000,000 of bonds and Government securities authorized under the provisions of this bill. It directly affects this question by striking out the tax-exempt features. So I fail to see why it is not germane to this particular bill.

Mr. COOPER of Tennessee. Mr. Chairman, if I may be heard briefly on the point of order, I may say in support of the argument offered by the gentleman from Massachusetts that the subject matter presented by the amendment offered by the gentleman from Wisconsin relates to the question of revenue. This question is not involved in the pending measure. Therefore, the amendment is not germane to the bill as it is now presented, and I submit that the point of order should be sustained.

Mr. BOILEAU. Mr. Chairman, if I may be heard further in connection with the point of order, and very briefly, the bill we are now considering proposes to amend section 5 in many places. My amendment further amends this section; it strikes it out.

The CHAIRMAN. The Chair is ready to rule. The Chair is of the opinion that the amendment of the gentleman from Wisconsin applies not only to bonds to be issued but to bonds that have been issued.

The Chair, therefore, sustains the point of order.

Mr. BOILEAU. Mr. Chairman, may I be heard further on the point of order?

Mr. COOPER of Tennessee. Mr. Chairman, I make the point of order that the Chair having ruled, the gentleman from Wisconsin is not in order.

The CHAIRMAN. The Chair has sustained the point of order.

Mr. PATMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PATMAN: Page 2, line 9, after the word "time" and the period, insert "Provided further, That the annual rate of interest shall not exceed one-half of 1 percent on all issues of bonds, the proceeds of which are to be used to pay due indebtedness or to meet public expenditures authorized by law of the Government."

Mr. COOPER of Tennessee. Mr. Chairman, I make a point of order against this amendment on substantially the same ground offered against the amendment just disposed of. The amendment of the gentleman from Texas is not germane to the bill; and the purposes to be accomplished by this amendment are in no way within the scope of the bill now presented to the House for consideration.

The CHAIRMAN. The Chair will hear the gentleman from Texas on the point of order.

Mr. PATMAN. Mr. Chairman, my amendment is a limitation on the bill. In other words, section 1 provides that bonds may be issued by the United States Government. This is a limitation stating that in the event the bonds are issued that the rate of interest shall not exceed one-half of 1 percent except, of course, where it is for a refunding operation, purely a refunding operation, in which case the rate of interest may exceed one-half of 1 percent. This is the effect of the amendment, and certainly I do not see why it should be questioned.

The CHAIRMAN. May I ask the gentleman from Tennessee [Mr. COOPER] if the first section applies to all bonds or just to bonds to be reissued?

Mr. COOPER of Tennessee. It is my understanding that the first section applies to all bonds.

The CHAIRMAN. Then the gentleman's amendment is a limitation; therefore the Chair overrules the point of order.

Mr. PATMAN. Mr. Chairman, the 12 Federal Reserve banks now hold about \$3,000,000,000 in Government bonds. These bonds were purchased with Government credit; and the Federal Reserve banks, after purchasing the bonds with our Government's credit, continues to charge the Government interest on the bonds.

We will not have the least trouble on earth financing the Government through the Federal Reserve Banking System as now constituted; and if there should be any question about it, we can pay the member banks \$140,000,000 which they have invested and take over the Federal Reserve System and finance all the operations of the Government. The fundamental question involved here is: Are you going to continue to farm out to corporations owned by private corporations the greatest privilege on earth—issuing and distributing the Nation's credit—or are you willing to re-assume that duty as required of you under the Constitution of the United States that you are sworn to uphold and defend? That is the question before you at the present time.

If you want this Congress to assume that privilege, vote for this amendment. Of course, this will not completely accomplish what we have in mind, I must confess, but it will be a long step in that direction. Remember that you cannot do everything in this House that you would like. There are certain rules to go by and very seldom will a bill come up here that will permit you to offer a germane amendment in order to do what you would really like to do. And furthermore, you are handicapped because there is a Rules Committee that will bring out a closed rule. Furthermore, you go into the Committee of the Whole House when they take down that mace. They are in Committee now. There is no way to have a record vote. Therefore this gives you another storm cellar. There are plenty of storm cellars with all modern conveniences for the Members of Congress who do not want to change our monetary system. It is so arranged that whenever you argue you should not do it in this way you are arguing in effect that it should not be done at all.

Mr. Chairman, I have other amendments that I propose to offer after this one, and I hope the Chairman of the Ways and Means Committee will bear with me, will be patient and allow us to discuss this fundamental principle before the House.

[Here the gavel fell.]

Mr. SAMUEL B. HILL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman from Texas is endeavoring to change the system that we are operating under now, and the system that is now in existence, to that of issuing currency in lieu of bonds.

As stated in my previous remarks with reference to the amendment offered by the gentleman from Texas [Mr. DRES], we are not now quarreling with him upon that proposition. We have here at the present time a bill to authorize the Secretary of the Treasury to carry out certain refunding and refinancing operations, together with the refinancing of certain other obligations which this Congress is imposing upon the Government. It is evident that we must continue under the system we now have until it is changed. We must, through the issuance of bonds, finance this program that is now being projected. You cannot finance it through bonds bearing interest not to exceed one-half of 1 percent. If you place that limitation upon these bonds, the only possible way in which you could market the bonds would be at a discount below the par or face value of the bonds.

Mr. PATMAN. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield to the gentleman from Texas for a question.

Mr. PATMAN. Is it not a fact we have this morning \$8,300,000,000 of gold in the Treasury, which would authorize the issuance of more than \$20,000,000,000 in money and still have more than a 40-percent gold coverage?

Mr. SAMUEL B. HILL. I am not quarreling with the gentleman on that question, but that is not in this bill, and the gentleman from Texas [Mr. PATMAN] knows that we cannot have that in this bill.

Mr. PATMAN. The gentleman knows very well that we will never have a better opportunity than this to make a long, positive, and definite step in that direction.

Mr. SAMUEL B. HILL. The gentleman from Texas knows that to put his amendment in this bill simply kills the legislation and will absolutely prevent the Secretary of the Treasury from carrying out these financial operations.

Mr. McCORMACK. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. What is the gentleman's opinion as to the effect which this amendment will have upon the financing of the relief bill that was passed yesterday?

Mr. SAMUEL B. HILL. It would make the carrying out of the provisions of that bill absolutely impossible unless the bonds were discounted below their par value.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. PATMAN].

The question was taken; and on a division (demanded by Mr. PATMAN) there were—ayes 38, noes 92.

So the amendment was rejected.

Mr. PATMAN, Mr. BOILEAU, and Mr. DOUGHTON rose.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina.

Mr. DOUGHTON. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

Mr. PATMAN. Will the gentleman withhold that just a minute? I have two amendments to offer and the gentleman from Wisconsin has an amendment to offer.

Mr. DOUGHTON. Mr. Chairman, I modify the motion previously made. I move that all debate on this section and all amendments thereto close in 10 minutes.

The motion was agreed to.

Mr. BOILEAU. Mr. Chairman, I have an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BOILEAU: On page 2, line 9, after the word "time", insert "Provided, That none of the interest on bonds issued under the authority of this act shall be exempt from income taxes."

Mr. COOPER of Tennessee. Mr. Chairman, I make a point of order against the amendment. This is not a tax measure, it is not a revenue bill, and the purpose sought to

be accomplished by the amendment does not come within the scope of the measure. It is certainly not germane to the bill or to this section, and I therefore make a point of order against it.

Mr. BOILEAU. Mr. Chairman, I may state that this is simply a limitation upon the authority of the Secretary of the Treasury with respect to the issuance of the bonds, prohibiting him from putting certain provisions in the bonds that the Congress does not want put in them.

The CHAIRMAN. There is nothing in this section pertaining to tax-exempt securities.

Mr. BOILEAU. I appreciate that; but the section does provide for the issuance of bonds, and the amendment simply restricts the Secretary of the Treasury and prevents him from putting such tax-exempt provisions in the bonds.

The CHAIRMAN. There is another section of this bill that contains language with respect to what the gentleman is now discussing, namely, a provision for tax exemption.

Mr. COOPER of Tennessee. Mr. Chairman, if the Chair will indulge me, this is not a limitation but an affirmative direction.

The CHAIRMAN. The Chair sustains the point of order made by the gentleman from Tennessee.

Mr. PATMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PATMAN: On page 2, line 9, after the word "time", insert "The provisions of this act shall not be construed as a policy of the Government to issue bonds instead of currency."

Mr. COOPER of Tennessee. Mr. Chairman, I make a point of order against the amendment.

This is not a measure for the issuance of currency, and quite a bit of the argument advanced so far has been entirely irrelevant to this measure. The amendment is certainly not germane to this bill or to this section. There is nothing here that declares any policy or embraces within its scope any phase of the issuance of currency.

Mr. PATMAN. Mr. Chairman, the Agricultural Adjustment Act that was passed in 1933 provides that the President may issue \$3,000,000,000 in United States notes or Treasury notes. It provides further that he may issue as much as \$3,000,000,000 in money and exchange this money for existing or outstanding Government obligations. Section 1 establishes a policy of the Government with respect to issuing more tax-exempt interest-bearing bonds, and we want to make it plain that this is not a nullification of the provisions now in existing law with regard to the issuance of currency instead.

The CHAIRMAN. The section of the bill under consideration relates to bonds and not to currency. The Chair therefore sustains the point of order.

Mr. PATMAN. Mr. Chairman, I offer another amendment.

The Clerk read as follows:

Amendment offered by Mr. PATMAN: Page 2, line 9, after the word "time", insert "Provided further, That United States notes shall be issued to the extent of \$5,000,000,000 and deposited in the general fund of the Treasury, to be used in paying the expenses and debts of the Government before another bond is issued by the Government."

Mr. COOPER of Tennessee. Mr. Chairman, I make a point of order against the amendment for substantially the same reasons and on the same grounds heretofore stated. This measure does not in any way relate to the issuance of currency or the issuance of notes.

Mr. PATMAN. Mr. Chairman, I should like to be heard on the point of order.

This is a limitation. Section 1 provides that bonds may be issued, and this places a limitation to the effect that these bonds cannot be issued until \$5,000,000,000 in United States notes has been issued. No one will be paying interest on the United States notes while they are outstanding, while interest will have to be paid on the bonds for every day they are outstanding.

The CHAIRMAN. The Chair sustains the point of order.

Mr. MASSINGALE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MASSINGALE: On page 1, section 1, strike out in line 8, all words after the word "authorized", all of line 9, up to the word "for" after the word "States", and insert: "For such amount only as may be equal to the outstanding bonds, but the amount required under provisions of this act in excess of the amount to refund outstanding bonds shall be raised by the issuance of Treasury notes not bearing interest by the Secretary of the Treasury."

Mr. COOPER of Tennessee. Mr. Chairman, I make a point of order against the amendment.

Mr. MASSINGALE. Mr. Chairman, I should like to be heard on the point of order. I presume the point of order is that it is not germane.

Mr. COOPER of Tennessee. Yes; certainly. The amendment seeks to bring something into the bill which is not within the scope of the measure at all.

The CHAIRMAN. The Chair sustains the point of order, as the amendment pertains to the issuance of currency, while the section pertains to the issuance of bonds.

The Clerk read as follows:

Sec. 2. The first sentence of subsection (a) of section 5 is amended to read as follows: "In addition to the bonds and notes authorized by sections 1, 18, and 22 of this act, as amended, the Secretary of the Treasury is authorized, subject to the limitation imposed by section 21 of this act, to borrow from time to time, on the credit of the United States, for the purposes of this act, to provide for the purchase, redemption, or refunding, at or before maturity, of any outstanding bonds, notes, certificates of indebtedness or Treasury bills of the United States, and to meet public expenditures authorized by law, such sum or sums as in his judgment may be necessary, and to issue therefor (1) certificates of indebtedness of the United States at not less than par (except as provided in section 20 of this act, as amended) and at such rate or rates of interest, payable at such time or times as he may prescribe; or, (2) Treasury bills on a discount basis and payable at maturity without interest."

Mr. PATMAN. Mr. Chairman, I move to strike out the last word. I should like to ask the chairman of the committee, does this provision apply to baby bonds?

Mr. DOUGHTON. It does not.

Mr. PATMAN. Which provision does apply to baby bonds?

Mr. DOUGHTON. Section 6.

Mr. PATMAN. Under the present law, as I understand it, only \$400,000,000 in Treasury notes may be issued legally, and this will open it up wide so long as it is within the limit of \$25,000,000,000.

Mr. SAMUEL B. HILL. The present authorization is for \$10,000,000,000 Treasury notes and \$10,000,000,000 in Treasury certificates and Treasury bills.

Mr. VINSON of Kentucky. The gentleman from Texas is right in saying that it is included in the \$25,000,000,000 limit.

Mr. PATMAN. This will open it up wide for Treasury notes.

Mr. SAMUEL B. HILL. The total is \$20,000,000,000 for Treasury notes, certificates, and bills. As it is now it is divided between Treasury notes and Treasury bills. There is an authorization for \$10,000,000,000 in notes and \$10,000,000,000 in certificates and bills. This bill proposes to put the Treasury notes and the Treasury certificates and bills in one class with a total limit of \$20,000,000,000.

Mr. PATMAN. And furthermore, as they are retired additional ones can be issued.

Mr. SAMUEL B. HILL. Yes.

Mr. PATMAN. Under existing law, if they are retired, they cannot be reissued, but this will allow 25 billion to be reissued when retired.

Mr. DOUGHTON. The gentleman is right.

Mr. PATMAN. In regard to this section, I had other amendments prepared, but I think we have tested the will of the House, and I shall not insist on my other amendments.

You would be surprised at the number of Members of the House who want to vote directly on this proposition. They tell me that they cannot vote for my amendment, because they are afraid it will interfere with the refunding operations of the Government or interfere with relief. They are mistaken, but they have been told that. I believe that they would like to nationalize credit and take over the Federal

Reserve banks, but they have various sundry reasons for voting against these amendments that are leading in that direction. I believe we have tested the sense of the House, and I believe that at least 60 percent of the Members of the House would change the present monetary system of issuing currency and bonds if they had an opportunity. [Applause.]

The Clerk read as follows:

Sec. 5. The Second Liberty Bond Act, as amended, is further amended by adding a new section, as follows:

"Sec. 21. The face amount of certificates of indebtedness and Treasury bills authorized by section 5 of this act, certificates of indebtedness authorized by section 6 of the First Liberty Bond Act, and notes authorized by section 18 of this act shall not exceed in the aggregate \$20,000,000,000 outstanding at any one time."

Mr. FISH. Mr. Chairman, I move to strike out the last word. Unfortunately I have not heard the debate upon this bill. I understand that the members of the Ways and Means Committee on the Republican side have generally approved the bill, at least are not opposing it. Ordinarily that would mean to me a certificate of righteousness, and I could well afford to follow the Members on the Republican side of that great committee. It appears to me, however, that this is a pure inflationary measure. If it were merely setting up machinery to carry out the purpose of the House to turn \$4,000,000,000 over to the President for relief purposes that would be one matter, but it apparently is an inflationary measure so that the Government can issue notes and bonds up to \$45,000,000,000. At the present time we have issued only up to twenty-eight billion. If the bill merely permitted the Government to issue up to thirty-four billion to take care of what the House proposed to do by its action yesterday, I might not vote against the bill.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. SAMUEL B. HILL. I think the gentleman is in error. The authorization at the present time under existing law is \$28,000,000,000 of bonds and a total of \$20,000,000,000 of Treasury notes and bills. This proposes to put an outside limit of \$25,000,000,000 on bonds and the same \$20,000,000,000 on notes.

Mr. FISH. That means a total of \$45,000,000 and that is what I said, but they do not have to come back to the Congress to issue these bonds and notes. You place in the hands of the Executive that power. This is an inflationary measure taking away the power from Congress to control the issuance of bonds and certificates.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. FISH. I am sorry, I have only 5 minutes. I may be the only Member of the House who is going to vote against it, but I propose to vote against it because it takes that power away from the Congress and gives it to the Executive to issue these bonds and notes, about thirteen billion more than they have the right to issue at the present time.

What I also want to point out in these few minutes is this: The administration talks about the credit of the United States and how sound it is. As I told you the other day, it will remain sound just as long as you can issue Treasury notes totally tax exempt, so that the banks, the big corporation, the big interests, and wealthy men of America can buy these Treasury notes and escape taxation. It is a perfectly apparent proposition and creates a vicious circle. The credit of the United States will be good just as long as we throw away that power of taxation affecting the wealthy people and let them come in and buy these notes and bonds, principally the notes that are wholly tax exempt, and so escape paying 60 percent on the higher incomes and not pay any income taxes by merely buying the bonds and notes.

The only policy of the Democratic Party today—and I want the people to understand it—the only one we know about, is borrowing, more borrowing, and still more borrowing. That is the only policy that has been presented to Congress. This bill will not help restore confidence in America; it will not help to restore confidence in industry, commerce, or trade, or among business men, small or large. This bill

carries out the main policy of the Democratic Party to borrow more billions, still more billions, and yet more billions of American dollars without making any provision to raise revenue or levy taxes.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. McCORMACK. Mr. Chairman, it is not my purpose to answer the remarks of the gentleman from New York [Mr. FISH], whom I personally respect, but who has shown himself to be possessed of what might be considered as a partisan mind in his discussion of certain features of this bill. I am frank in stating that there are occasions when I am possessed of a partisan mind, but there are some limits to it. I am not going to close my eyes to the truth and take the floor of this House and undertake to say that a bill intends something that a plain and simple reading of the bill shows it does not contemplate. My friend from New York [Mr. FISH] is a keen gentleman. He is able. If he has read the bill, he knows that the bill does not mean that the President of the United States or the Secretary of the Treasury can borrow ten or fifteen billion dollars more by merely issuing bonds, notes, and Treasury certificates. There is a \$20,000,000,000 maximum now on notes and Treasury certificates; and this bill does not change that maximum. It merges both of them into one group with the same limitation as to amount. Under existing law there is a \$28,000,000,000 maximum on bonds, and the bill provides for a \$25,000,000,000 maximum. The maximum of all at the present time is \$48,000,000,000. This bill makes the maximum of all \$45,000,000,000. Nobody can issue bonds or Treasury notes or certificates at will. There must be authority in law for the Secretary to issue additional bonds and notes increasing our outstanding debt. There must be legislation passed by the Congress authorizing the issuance. The broad question of the advisability of borrowing on notes and bonds I shall not discuss at this time, as it is not relevant to this bill. When my friend from New York makes a statement that the bill gives blanket authority for the promiscuous issuance of bonds without authority of law, he is incorrect; and I cannot permit such remarks to be incorporated in the RECORD and go out to the country as another scarecrow of a condition that does not exist.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. RANKIN. Mr. Chairman, I have just listened to the self-appointed spokesman of the Republican Party, the gentleman from New York [Mr. FISH] on this all-important question of tax-exempt securities. He admits that under our present system the great bulk of the wealth of this country is permitted to find a storm cellar in tax-exempt securities and thereby escape its part of the burdens of taxation, but he studiously avoids suggesting the logical remedy.

We find ourselves today in the midst of a paradoxical depression that is without a parallel in all history. We live in the richest country in all the world. With a gentle climate, a fertile soil, and an abundant rainfall, we produce every agricultural commodity necessary for the maintenance of mankind. Our natural resources are unlimited, and the inventive genius of America has given to us a control over the forces of nature never before attained in all the history of the human race.

We have more wheat, more corn, more hogs, more cotton—in fact, more of all agricultural commodities, as well as manufactured products—than the American people can use. We have been destroying livestock, reducing grain production, and plowing under cotton, as well as curtailing the production of manufactured articles, and yet millions of our people are hungry and other millions are insufficiently clothed.

Bread lines are lining the streets of our principal cities, while farmers are having their homes sold from under them for debts or confiscated for taxes. Practically every individual who owns a home, or who tries to own a home, is burdened with debts and taxes that he finds himself unable to pay. Practically every county, every municipality, every school district, every drainage district, every road district, every State, and even the Federal Government itself, is bur-

dened with debts and bonded with obligations that it seems almost impossible to pay. And yet we scarcely owe a single dollar beyond the confines of the United States. But, on the other hand, billions of dollars are owed to our country by other nations and other billions are owed by foreign countries and foreign individuals to private individuals and private enterprises in America.

What is the trouble? Why all this financial distress in the richest land in all the world, practically the only country that does not owe any debts beyond its own borders?

It is maldistribution of wealth. We are cursed with a system of economic feudalism that has overawed, browbeaten, or controlled by insidious methods or continuous pressure the forces of democracy and so dominated the legislative program of this country during the last 60 years that it has concentrated the wealth of this Nation into the hands of a few families.

We are told that less than 10 percent of our population now own more than 90 percent of our wealth. They are pyramiding their fortunes and passing them on down from generation to generation, even increasing them by the natural accretion of interest accumulations, while the rest of the 120,000,000 Americans are literally grinding their lives out to even meet the interest they have to pay.

They began by accumulating vast fortunes out of the Civil War. They accumulated more through a high protective tariff, which levied tribute upon every human being in America. Through this method they sapped the economic vitality of the agricultural States, using the powers of government through Federal pensions and political patronage to hold enough of those States in line to guarantee them supreme control.

More fortunes were accumulated and therefore more wealth concentrated through a manipulation of public utilities, gambling on the stock market, overcapitalization, sale of watered stocks, and exorbitant service charges that the people were compelled to pay. They even manipulated the currency by expanding through the Federal Reserve System and contracting in the same way—raising prices for a period until people adjusted themselves to higher price levels, incurred debts, fixed their tax rates, and floated bonds for necessary improvements—then contracted that currency, drove down prices, and are now demanding that those debts be paid with inflated dollars and on deflated commodity prices.

The people have about reached the limit of their endurance. They know there is something wrong with our present system, and they are beginning to realize what it is. They are demanding and are going to continue to demand that there be a redistribution of the wealth of this country in some way. That can be done in two ways: Either by taxation or through a disastrous revolution. A revolution would not redistribute wealth, but would only destroy it, and probably destroy our civilization as well.

There is a sane and orderly way to meet this question, and that is to place the burden of taxation where it belongs—on the ones most able to pay.

If you will let me write one section of the tax bill, I will balance the Budget, pay a reasonable old-age pension, pay off the soldiers' adjusted-service certificates, and pay off the national debt in 25 years. I would place the same burden of taxes on the rich and opulent in proportion to their wealth that we are now placing upon the poor.

Today, the man most heavily burdened with taxes is the farmer and the home owner, whose entire profits and invariably the equity in whose property is taken to pay his local taxes.

The reports of the Bureau of Internal Revenue show that in 1921 there were 21 individuals in the United States with incomes of \$1,000,000 a year. That was the year the Republican Party took control. By 1929 there were 513 individuals with incomes of \$1,000,000 a year. In 1921 there were 444,000 individuals reporting incomes of \$1,000 or less, and in 1928 that number had dwindled to 114,000. The ones making \$1,000 or less had dropped off 75 percent, while the ones in the million-dollar class had multiplied 25 times. There has

never been such a concentration of wealth since the world began. The rich grew richer and the poor, poorer.

Today, as I said, less than 10 percent of our people own more than 90 percent of our wealth. There is only one way to reach them, and that is through inheritance taxes, since many of them have their fortunes invested in tax-exempt securities and cannot be reached in any other way.

But men who represent that element in Congress are urging us to prohibit the further issuance of tax-exempt securities. That is the plan of the gentleman from New York [Mr. Fish]. However desirable that may be, it would not reach the ones whose wealth is now invested in tax-exempt securities, but, on the other hand, it would raise the values of those outstanding securities and increase the wealth of the ones who hold them.

But these gentlemen who have always represented the predatory interests of the country, and who now vociferously proclaim their desire to prevent the further issuance of tax-exempt securities, scrupulously refrain from advocating the real remedy, and that is the raising of inheritance taxes and making the ones who own these securities now bear their part of the burdens of government.

Our inheritance taxes are ridiculous. They are infinitesimal compared with the taxes which the average American has to bear.

Just before the passage of the last tax bill I secured copies of the inheritance-tax rates for both France and Great Britain and compared them with the inheritance-tax rates in the United States at that time. I am going to insert a table containing the tax rates of the United States, Great Britain, and France in the RECORD at this point, so that the Members of the House and others who read the RECORD may make their own comparisons.

There have been a few changes in these rates, but this table shows the correct rates as they existed at the time these figures were compiled.

The table is as follows:

Net estate before exemption	Tax in United States	Tax in Great Britain	Tax in France
\$1,000.....		\$10	\$65.88
\$5,000.....		150	539.27
\$10,000.....		300	1,296.47
\$15,000.....		450	2,226.47
\$25,000.....		1,000	6,942.58
\$50,000.....		2,500	16,160.98
\$100,000.....	\$1,500	9,000	36,997.78
\$150,000.....	5,000	18,000	59,197.78
\$200,000.....	9,500	28,000	81,589.78
\$300,000.....	19,500	51,000	130,789.78
\$400,000.....	30,500	76,000	180,373.78
\$500,000.....	42,500	105,000	234,373.78
\$600,000.....	55,500	138,000	288,373.78
\$800,000.....	84,500	200,000	396,373.78
\$1,000,000.....	117,500	270,000	504,373.78
\$2,000,000.....	315,500	660,000	1,046,293.78
\$3,000,000.....	553,500	1,110,000	1,634,293.78
\$5,000,000.....	1,149,500	2,050,000	2,823,253.78
\$10,000,000.....	3,094,500	5,100,000	5,823,253.78

You will note from this table that if a man died in the United States and left an estate of \$100,000, his estate would pay a tax of \$1,500. In England it would pay \$9,000; and in France, \$36,997.78.

In this country an estate of \$500,000 would pay an inheritance tax of \$42,500; in England, \$105,000; and in France, \$234,373.78.

In this country an estate of \$1,000,000 would pay \$117,500; in England it would pay \$270,000; and in France, \$504,373.78.

Men talk about taxing the profits of the next war. I want to adequately tax the profits of the last war. Then there will not be any next war, at least in your day and mine.

The people of large fortunes, as a rule, are the ones who invest their money in tax-exempt securities. They are the ones who seek and find that storm cellar. They are the ones who made fortunes out of the war, coining their millions out of the blood and tears of the suffering men, women, and children of the world. They are the ones who made their millions out of the tariff by levying tribute upon every farmer and every laborer; in fact, on every man, woman, and child under the flag. They are the ones that we must reach if we ever

expect to balance the Budget and meet the responsibilities of this Government and redistribute the wealth of the Nation, so as to give the rising generation a chance in this world. [Applause.]

Mr. PATMAN. Mr. Chairman, I rise in opposition to the pro forma amendment.

There is so much being said about tax-exempt securities that I hope we get our definitions straight.

Many of us are opposed to tax-exempt securities, I repeat, for an entirely different reason than the reason which the gentleman from New York [Mr. Fish] is opposed to tax-exempt securities. If I thought our monetary system would not be changed at the same time, I think the best interests of this country would probably be served by allowing it to remain as it is, and I will tell you the reason for it. Personal property is taxed where it is located. A United States Government bond or a Government note or certificate is personal property, and when that note or bond is purchased from the Government and deposited in New York City or Pittsburgh, Pa., or Chicago, Ill., that is where it is taxed. Gentlemen like the gentleman from New York [Mr. Fish], representing a great district in New York, can tell his banker friends there, "I am in favor of eliminating the issuance of further tax-exempt securities because the Government will have to pay an additional interest rate to you, and that will enable you to pay the tax, and when you pay the tax it will go to the city of New York, it will go to the different counties of New York, the road districts and school districts, and other political subdivisions." In other words, the people all over the Nation would be paying an additional tax rate in order to support the larger cities in this country where those bonds are actually physically located and where they will be taxed.

The reason I do not want any more tax-exempt securities is because I want to issue currency instead of bonds. We have \$41,000,000,000 in deposits in the banks. We have less than \$1,000,000,000 in money in the banks to pay those depositors.

I feel that it should be made up in Government credit in some way, if not in actual physical money in that which is the same as actual physical money upon which no one will be paying interest while it is outstanding. There is the difference between us; and do not go off now on the theory that we should change the tax-exempt interest-bearing bonds without first considering who is going to get it and who is going to pay it. Will your district, a country district, get anything out of it? Not a thing in the world; but the people in that district will have to pay the additional taxes which will be necessary to pay more interest in order to pay the rate of interest required by the New York banks so they can pay their local taxes. With proper safeguards I am opposed to the issuance of more tax-exempt interest-bearing bonds if our present bond system continues. However, I much prefer currency to all bonds.

Mr. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. CHURCH. In what States do they assess Government bonds?

Mr. PATMAN. They do not assess them at all.

Mr. CHURCH. What State laws assess Government bonds?

Mr. PATMAN. That is what we are talking about. They cannot be assessed. But if you remove the limitation the States will remove the limitation and tax them for all State and local purposes; certainly they will.

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. CONNERY. In connection with the remarks of the gentleman from Mississippi on the question of the inheritance tax, I should like to ask the gentleman from Texas if it is not a fact that under our present inheritance and gift taxes, attorneys have found a way by putting money in trust a couple of years before a man dies and the beneficiary escapes the inheritance and gift taxes?

Mr. PATMAN. That is my understanding. The gentleman from Washington [Mr. Hull], I understand, is chairman of a subcommittee that has been investigating loop-

holes in our tax laws; and I have been told that some shocking disclosures have been made along the line suggested by the gentleman from Massachusetts.

The Clerk read as follows:

SEC. 6. The Second Liberty Bond Act, as amended, is further amended by adding a new section, as follows:

"SEC. 22. (a) The Secretary of the Treasury, with the approval of the President, is authorized to issue, from time to time, through the Postal Service or otherwise, bonds of the United States to be known as 'United States Savings Bonds.' The proceeds of the savings bonds shall be available to meet any public expenditures authorized by law and to retire any outstanding obligations of the United States bearing interest or issued on a discount basis. The various issues and series of the savings bonds shall be in such forms, shall be offered in such amounts within the limits of section 1 of this act, as amended, and shall be issued in such manner and subject to such terms and conditions consistent with paragraphs B and C hereof, and including any restriction on their transfer, as the Secretary of the Treasury may from time to time prescribe.

"(b) Each savings bond shall be issued on a discount basis to mature not less than 10 nor more than 20 years from the date as of which the bond is issued, and provision may be made for redemption before maturity upon such terms and conditions as the Secretary of the Treasury may prescribe: *Provided*, That the issue price of savings bonds and the terms upon which they may be redeemed prior to maturity shall be such as to afford an investment yield not in excess of 3 percent per annum, compounded semiannually. The denominations of savings bonds shall be in terms of their maturity value and shall not be less than \$25. It shall not be lawful for any one person at any one time to hold savings bonds issued during any one calendar year in an aggregate amount exceeding \$10,000 (maturity value).

"(c) The provisions of section 7 of this act, as amended (relating to the exceptions from taxation both as to principal and as to interest of bonds issued under authority of sec. 1 of this act, as amended), shall apply as well to the savings bonds; and, for the purposes of determining taxes and tax exemptions, the increment in value represented by the difference between the price paid and the redemption value received (whether at or before maturity) shall be considered as interest. The savings bonds shall not bear the circulation privilege.

"(d) The appropriation for expenses provided by section 10 of this act and extended by the act of June 16, 1921 (U. S. C., title 31, sec. 761), shall be available for all necessary expenses under this section; and the Secretary of the Treasury is authorized to advance, from time to time, to the Postmaster General from such appropriation such sums as are shown to be required for the expenses of the Post Office Department, in connection with the handling of the bonds issued under this section.

"(e) The board of trustees of the Postal Savings System is authorized to permit, subject to such regulations as it may from time to time prescribe, the withdrawal of deposits on less than 60 days' notice for the purpose of acquiring savings bonds which may be offered by the Secretary of the Treasury; and in such cases to make payment of interest to the date of withdrawal whether or not a regular interest-payment date. No further original issue of bonds authorized by section 10 of the act approved June 25, 1910 (U. S. C., title 39, sec. 760), shall be made after July 1, 1935.

"(f) At the request of the Secretary of the Treasury the Postmaster General, under such regulations as he may prescribe, shall require the employees of the Post Office Department and of the Postal Service to perform, without extra compensation, such fiscal agency services as may be desirable and practicable in connection with the issue, delivery, safe-keeping, redemption, and payment of the savings bonds."

Committee amendment: Page 5, line 7, strike out the words "paragraphs B and C" and insert in lieu thereof "subsections (b) and (c)."

Mr. SAMUEL B. HILL. Mr. Chairman, I call attention to the fact that this amendment and the other committee amendments are simply clerical corrections.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 6, line 2, strike out in the parentheses the word "exceptions" and insert in lieu thereof the word "exemptions."

Mr. PATMAN. Mr. Chairman, I rise in opposition to the committee amendment.

Mr. Chairman, during the war Liberty bonds were sold on the installment plan. People all over the country bought these bonds as a patriotic duty. They were told they were sending their money to war instead of going themselves. When the war was over the Liberty bonds that had been sold to the public were not supported by the financial interests of the country and the bonds dropped in value to 95, 90, 87, and even down to 85. The large banks of the country sent agents all over this Nation and purchased those bonds for as low as

85 cents on the dollar. Then the bonds rose in value because they had got into what is known as "strong hands." When they got into strong hands they went back to 100 cents on the dollar.

The veterans, the soldiers in the Army, were told not only that they should pay for their insurances and for other charges against them during the war but after making all these deductions for dependents, for insurance, and these other charges they were told if they had any money that it was their duty to purchase a Liberty bond; and if they did not, there was considerable pressure brought to bear against them. They were referred to as slackers, despite the fact they wore the uniform of their country. They purchased these bonds on the installment plan. They had to take their loss just like the other people and sell their bonds for 85 cents, and in some cases for less than that, on the dollar.

Now, remember this: You are designating a certain bond issue here. This bond issue is going to be widely distributed. No one person can own more than \$10,000 of the issue. If these bonds are not supported by strong financial interests, who is going to keep the price up?

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. SAMUEL B. HILL. We have the Postal Savings bonds and the bonds here provided for are practically the same.

Mr. PATMAN. No; I beg to differ with the gentleman from Washington. You can get your money 100 cents on the dollar on the Postal Savings bond. There is considerable difference between those bonds and the bonds provided for in this bill.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. VINSON of Kentucky. The United States Government is obligated to pay interest compounded semiannually not in excess of 3 percent on the Postal Savings bonds. The Government is required to redeem them at par.

Mr. PATMAN. This does not require that; there is no such requirement here.

Mr. VINSON of Kentucky. Yes; it does require it.

Mr. PATMAN. Where is it?

Mr. VINSON of Kentucky. The Treasury will redeem them.

Mr. PATMAN. This bill, I say, does not require the Secretary of the Treasury to do it. There is no language in here requiring that; it is merely permitted if the Secretary of the Treasury desires to so redeem them.

Mr. VINSON of Kentucky. The gentleman from Texas is in error on that.

Mr. PATMAN. Oh, no. These people are being placed in the position where they will not have these bonds supported by strong hands, by strong financial interests. There will be every incentive for certain interests to whip down and beat down the prices of these bonds, buy them up, and run the price back. The only redeeming feature is that one person cannot buy more than \$10,000 of bonds issued in one single year.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. DOUGHTON. The gentleman from Texas in his remarks stated that in connection with the sale of Liberty Bonds pressure was brought to bear on people to buy them. I understand the Secretary of the Treasury now has not and does not expect to request anyone to put any pressure on anyone else to purchase these bonds.

Mr. PATMAN. May I say to the gentleman that I am in sympathy with the distribution of small bonds. I am not talking against that feature, but I want proper safeguards put around the law to protect the people who do invest their money in them.

During the last administration of the Honorable Ogden Mills as Secretary of the Treasury he authorized the issuance of baby bonds, but all of the New York banks objected, and they were withdrawn. Now, you are coming back and doing in a way what he withdrew, which is all right if you

properly protect the people. There is something else in there that is hazardous for the investor. All of the banks purchasing other bonds, including the Federal Reserve banks, may deposit the bonds with the Government and receive new money in return. They cannot do that with these bonds.

[Here the gavel fell.]

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Chairman, these bonds then will not be as much in demand. They are not so good unless properly safeguarded either by law or by regulations. In connection with all other issues you may use them to better advantage. You say to the bank on all other issues, "You are a favored son of our Government. We will let you take \$10,000 worth of the bonds and deposit them with the Government and get \$10,000 in money in return." Of course, I refer to a Federal Reserve bank. There is no tax, only the payment of 27 cents per \$1,000 for the cost of printing the money.

Any national bank in this Nation can buy all other bonds that pay up to 3½-percent interest, and there are a few outside of that, and none very soon, and they may deposit those bonds up to the amount of the capital stock of the institution and receive new money in return. But in connection with these particular bonds you are putting a penalty on the holders because they are not as good as the other bonds. There will not be the demand there would be for the other bonds, and they will not be supported by the financial interests.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Washington.

Mr. SAMUEL B. HILL. Upon what does the gentleman from Texas base the statement that these bonds will depreciate in value in the market?

Mr. PATMAN. I base it upon the fact that in connection with bonds which are generally held by the people and not supported by the strong financial interests, there is an inducement for those particular issues of bonds to be whipped and beat down in value by the strong financial interests, and when the value of the bonds go down they are bought up as much as possible.

Mr. SAMUEL B. HILL. On page 6, line 9, of the bill, there is this provision:

The saving bonds shall not bear the circulation privilege.

[Here the gavel fell.]

Mr. BOILEAU. Mr. Chairman, I offer a preferential motion, which I send to the desk.

The Clerk read as follows:

Mr. BOILEAU moves that the Committee rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

The CHAIRMAN. The gentleman is recognized for 5 minutes.

Mr. BOILEAU. Mr. Chairman, I made two unsuccessful attempts to offer an amendment that would discontinue the practice of issuing tax-exempt securities. I find no fault with the ruling of the Chair on the question of germaneness to the bill and to the sections to which I offered the two amendments. I do want to say, however, that we have heard much in the last 4 years about tax-exempt securities, and it seems to me it is about time the Ways and Means Committee or some other committee of this House bring in a bill which will prohibit the practice of issuing tax-exempt securities and permit us to vote on the question.

In discussing a point of order a short time ago the distinguished gentleman from Kentucky suggested that there was in this bill a place where such an amendment would be germane; that there was a place in the bill where an amendment could be offered restricting the issuance of tax-exempt securities. I understood him to make that statement, and we had

considerable colloquy with reference to that matter. I am going to admit that he was absolutely accurate.

Mr. VINSON of Kentucky. May I say to the gentleman that he does me too much honor. It was the chairman who made the statement.

Mr. BOILEAU. The gentleman from Kentucky suggested that I might read the bill. May I say to the distinguished gentleman that I have read the bill, and I find at the top of page 6, paragraph (c), where such an amendment would be germane. In other words, it would be germane to knock out the tax-exempt feature of the baby bonds but not the big bonds. The bill is in such shape that we could knock out the tax-exempt feature of the small bonds which will be sold to the small fellow, the one who will buy a \$25 or \$50 bond, but there is no provision which will enable us to offer an amendment striking out the tax-exempt feature of the big bonds and the big bondholders.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from Tennessee.

Mr. COOPER of Tennessee. May I say to the gentleman that many Members share views similar to the gentleman.

Mr. BOILEAU. I appreciate that fact and I am wondering why. In all the 4 years I have served here we have heard speech after speech denouncing the policy of issuing tax-exempt bonds, but we cannot get the matter before the House.

Mr. COOPER of Tennessee. Was the gentleman present when that question was raised in general debate on this bill?

Mr. BOILEAU. I was.

Mr. COOPER of Tennessee. And when it was pointed out to another gentleman raising the question, that several measures of that type are now pending before the Committee on Ways and Means.

Mr. BOILEAU. Yes; and the gentleman said that twice before the Ways and Means Committee had reported out such bills.

Mr. COOPER of Tennessee. Yes.

Mr. BOILEAU. Then why can we not get a vote in this House on such a measure and record the opinion of the Members on that question? I am satisfied that if some such measure were presented to this House it would pass on a roll-call vote two to one. I believe there is a very strong sentiment in favor of that change of policy.

I believe it is about time that the leadership of this House should be fair with a vast majority of the Members who want such legislation reported out and action taken at the earliest possible date.

I regret very much that in this bill the only opportunity that is afforded to strike out the tax-exemption feature of these Government securities is with reference to these baby bonds. For one I should like to have a chance to stop this practice with reference to the big bonds and the bondholders who hold more than \$10,000 worth of Government securities that are now tax exempt. [Applause.]

[Here the gavel fell.]

Mr. DIES. Mr. Chairman, I rise in opposition to the motion to strike out the enacting clause.

Mr. Chairman, a great deal has been said in reference to baby bonds. If we are going to issue bonds and if we are committed to the course of defraying the expenditures of the Government by the issuance of bonds, it is preferable to issue bonds in small denominations so as to give the rank and file of the American people an opportunity to buy the bonds and in this manner obtain some benefit from the tax-exempt phases of it, rather than to continue to issue bonds in large denominations.

I think it is sometimes forgotten that the reason that tax-exempt bonds are bought is because when you increase your income tax and when the tax burden becomes heavy, those possessing vast capital and large means resort to the purchase of tax-exempt bonds in order to escape the obligations of government.

During normal times when the income tax is not high and when the other burdens of government are not great, it is usually estimated that the Government, by using the tax-

exempt feature of Government bonds, is able to obtain the use of money at a lower rate of interest, but it should not be forgotten that the manner in which we are floating bonds in the United States is not by taking from the American people a given amount of purchasing power and transferring that purchasing power to the Government. The operation that we usually pursue is to enable banks, by a bookkeeping transaction, to artificially create a purchasing power of, say \$4,000,000,000, and enable those banks or those interests who are financing the bonds to escape taxation. The inducement for them to buy the bonds is great, on account of the high tax rate or the increasing income tax.

By confining the issue to small bonds, the rank and file can purchase bonds and they are relieved to that extent of the burdens of taxation. But, Mr. Chairman, we might as well recognize the fact that we cannot continue the issuance of these bonds. To merely increase income taxes in an effort to make those of large means bear their proportionate share of the burdens of this depression is nullified by our action in issuing tax-exempt bonds. We are transferring the burden of this entire economic crisis to the people who are least able to bear the burden, and not only this, but we are promoting inflation, because we are not taking purchasing power away from people who now have it and transferring it to the Government, but, by a process of bookkeeping, we are artificially creating a purchasing power that is abnormal and in the course of time will create the very inflation that gentlemen who oppose currency inflation are always crying against, with the inevitable, subsequent deflation. The consequence is that those who cry aloud against currency inflation, by their votes in Congress, are voting for a different type of inflation, it is true. They are voting for an inflation that inures to the benefit of a privileged few, an inflation that enables those of vast means to reap the benefit of the inflation in the form of tax exemption.

The point I want to make specifically, however, is this. It is a virtue in this bill that it provides for financing these operations by making it possible for men of small means or moderate means to participate in the tax exemption, for in doing so, you relieve the masses of the people to that extent of the burdens of taxation.

It is amusing to me to hear gentlemen cry aloud that it would be inflationary to issue currency backed up by adequate reserves. Why, bank notes have been issued in this country, or were issued prior to the Federal Reserve Act. We permitted the banks to issue their bank notes and in doing so they borrowed the capital of people without paying any interest on it. A bank note was the act of a bank in obtaining the benefit of the savings of other people without paying interest. I am not advocating fiat money. I merely propose that we utilize the excess gold valuation to lighten the crushing burden of public indebtedness.

Mr. SAMUEL B. HILL. Mr. Chairman, I ask for a vote on the motion of the gentleman from Wisconsin [Mr. BOILEAU] to strike out the enacting clause.

The question was taken, and the motion was rejected.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 6, line 13, strike out "sec." and insert "secs. 760 and".

The committee amendment was agreed to.

Mr. LORD. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 5, line 16, after the word "they", strike out the word "may" and insert the word "shall", and in line 19 strike out the period after word "semiannually" and insert "and at face value."

Mr. LORD. Mr. Chairman, this section provides for the payment of the small bonds before maturity. I want to provide in this section that when these bonds are paid before maturity they shall be paid at cost value, or, in other words, what the purchaser paid for them. The bonds

will be purchased by poor people; they are very small bonds, to run for 10 to 20 years. The purchaser may encounter hard times and need the money. There is a provision that they can cash the bond before maturity. These bonds will be sold or traded in for motor cars, clothing, and so forth, and the purchaser will sell them on the market at a discount—no telling at what price. The price will go down on the market and poor people may have to sell their holdings at much less than they paid for them unless they are protected. I think this amendment ought to be adopted to allow them to return the bond to the Post Office and get cost for them, plus accrued interest.

Mr. COOPER of Tennessee. Let us see if we understand the gentleman. These bonds are to be sold at certain prices, and when they mature they are worth the face value of the bonds. The gentleman understands that.

Mr. LORD. I do.

Mr. COOPER of Tennessee. The gentleman does not mean to advance the proposition here that a man may buy a bond and the next week or the next day go back and get the full value of the bond?

Mr. LORD. He should get exactly what he paid for it.

Mr. COOPER of Tennessee. He purchased the bond with the understanding that it would be worth its face value at a certain time. If the gentleman seeks to provide that he may secure the face value before the time agreed upon, he is getting something that he did not pay for.

Mr. LORD. No; he should not get the face of the bond but he should get what he paid for the bond.

Mr. COOPER of Tennessee. But the gentleman's amendment does not provide for that. It provides that he shall get something that he did not pay for.

Mr. LORD. He should get his money back, what he paid for it, plus interest accrued.

Mr. VINSON of Kentucky. The face value of the bond would be much larger than the redemption price a short time after the purchase.

Mr. JENKINS of Ohio. Why does not the gentleman use a concrete example such as was given before the committee? For instance, a man buys a bond for \$78, and if he keeps that bond until it matures, he will get \$100 for it, or, if he keeps it half the time, he will get half the price between \$78 and \$100.

Mr. VINSON of Kentucky. Yes.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. DIRKSEN. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read. The Clerk read as follows:

Amendment offered by Mr. DIRKSEN: Page 6, line 25, after the word "Treasury", insert the following: "Provided, That with respect to time deposits a similar privilege shall be extended to all banks and banking institutions which operate under the supervision and control of the Secretary of the Treasury."

Mr. DIRKSEN. Mr. Chairman, if I can have the attention of the members of the committee for just a moment and state a hypothetical case, I think that they will agree with the substance of this amendment. Let us take the case of John Jones, who tomorrow deposits \$500 in a bank and \$500 in the Postal Savings System. Under the old law governing Postal Savings, he cannot withdraw the money until after 60 days. He, however, will have privilege by the terms of the proposal in this bill. Under the operations of the banking laws under which almost every State bank and member of the Federal Reserve System now operates, if he puts \$500 in the bank on time deposit, he cannot under any circumstances get his money until the end of that deposit period. He may even waive the interest, but he cannot get his money. I had a number of such instances, and took it up with the Federal Deposit Insurance Corporation, and I believe that, upon the advice of their general counsel, they are seeking to change that condition so as to eliminate the disparity between the little country banks and the Postal Savings institutions that you find in almost every country post office. So far as the average purchaser of these small bonds is concerned, here is the way it would operate: If he had \$500 in the Postal Sav-

ings, under the terms of the bill, he could withdraw it and buy these bonds. If he had another \$500 on time deposit, he would have to leave it there for 90 days, or for whatever the time period might be, before he could buy one of these bonds, if he so desired.

Let me read this language from the bill:

The Board of Trustees of the Postal Savings System is authorized to permit, subject to such regulations as it may from time to time prescribe, the withdrawal of deposits on less than 60 days' notice, etc.

Deposits in what? In the Postal Savings System. So that John Jones can take his money out of the Postal Savings System and buy these bonds, but he cannot take his money out of the bank if it is there on a time deposit and buy the same bond.

Mr. VINSON of Kentucky. Mr. Chairman, I believe the gentleman from Tennessee was referring to the fact that no further issues of Postal Savings bonds would be had.

Mr. COOPER of Tennessee. That is what I had in mind. I misunderstood the gentleman's purpose.

Mr. DIRKSEN. This amendment goes to the substance of paragraph (e).

It is my observation that there has been too little coordination between the Treasury Department and the Postal Savings System, with the result that too often regulations and rules are promulgated which operate as a penalty on the small banking institutions of the country and create decided advantages in behalf of such Government institutions as Postal Savings. This is decidedly unfair. I hold no brief for banks or bankers as such, but I do believe they are entitled to fair and equitable treatment.

Just now virtually every bank in the Nation, whether a State bank or a member of the Federal Reserve System, operates under the provisions of Regulation Q of the Federal Reserve System. This regulation closely governs time deposits and says to a bank that it can under no circumstances relinquish a time deposit until after the expiration of the time period. When folks undertake to deposit money in a bank on a time certificate and find they cannot withdraw their money at will, they at once rush to the post office and place it with Uncle Sam. The bank not only loses a customer but it creates in the mind of the people in communities everywhere the notion that bankers are imposing regulations and rules relative to deposit and withdrawal that imbreed suspicion in the minds of the people. This is entirely unfair. Moreover, it is unfair for Uncle Sam to set up a competing business and by law and authority resolve advantages in behalf of such agencies as Postal Savings. What is fair for one should be fair for the other. No question of safety is involved. Under the Federal deposit insurance regulations money is equally safe in banks as in Postal Savings, and I submit that if rules and regulations now obtaining are in anyway modified or altered, so far as Postal Savings are concerned, banks and banking institutions are fully entitled to the same benefits. Therefore, Mr. Chairman, I press upon the committee the adoption of this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The amendment was rejected.

Mr. PATMAN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. PATMAN: Page 5, line 19, after the word "semiannually", insert a comma and the following: "And shall be redeemed by the Secretary of the Treasury at par or purchase price and accrued interest, after 90 days' written notice to the Secretary of the Treasury of the holder's intentions."

Mr. PATMAN. Mr. Chairman, this will not cause the Government any trouble or inconvenience. At the same time it will keep these bonds at par value. The Secretary of the Treasury will receive 90 days' written notice before he will have to take up one of them.

Mr. DOUGHTON. Does the gentleman expect the bond to be at par value when the interest has been calculated on the face value of the bond?

Mr. PATMAN. That is a matter of definition.

Under this bill the Secretary may issue bonds at par value or he may discount them, whichever way he wants. Anyone who holds one of these bonds, if he pays \$80 for it on a discount basis, should be allowed to give written notice for 90 days to the Secretary of the Treasury, and receive that \$80 back, with the accrued interest, and not 100 percent face value.

Mr. DOUGHTON. Why not make it payable to start with? Mr. PATMAN. Oh, no.

Mr. DOUGHTON. It would be just the same thing exactly.

Mr. PATMAN. Oh, no, it would not. You see, people will put their money into these bonds, and we want to protect the people. We want to assure them that they are not going down below the value they should be.

Mr. DOUGHTON. Suppose they go above?

Mr. PATMAN. That is all right; let them get the benefit of it, just as all Liberty bonds are above par now. The gentleman is not objecting to the banks collecting that increase now. There is no objection to that. If he is entitled to a premium on it, let him have it. The Government will not have to pay the premium, but protects him from having it go down, because they will be so generally distributed all over this Nation that if they are not properly protected by strong financial interests there is every incentive to beat down the price.

Now, the Government issues 90-day notes all the time, and they are all right. This will have the same effect, except that they will not have to go through that same procedure every 90 days. They will remain outstanding until the holder gives 90 days' written notice. It will be a great convenience to the Treasury. It will protect the people who buy these bonds in small quantities, and it will not cost the Government a penny extra.

I think the chairman of this committee should agree to this amendment, because it protects the investor. You are going out to the little fellows over the country. They are unorganized. They have no big interests to look after them. They have no lawyers and they have no lobbyists down here looking after their interests. They are unorganized and unprotected. Therefore, it is our duty as Members of Congress, representing those people, to place the proper safeguards around their interests. That is what we are doing, and at the same time it will not be an inconvenience in any way to the Treasury of the United States, because 90 days' written notice is required. These will be good bonds. They will remain outstanding until maturity, but this will be protecting the people. I think the members of this committee should agree to the amendment. Let us protect the rights of the people on these bonds.

Mr. SAMUEL B. HILL. If you make these 90-day bonds, does the gentleman think the Government will pay as high a rate of interest as if you make them 10-year bonds, as provided in the bill, and if the bonds bear a lower rate of interest, because of the short term, will it not be a less attractive investment to the small investor, who may want to sell it to someone else?

Mr. PATMAN. That does not answer the objection I have, that the general public, unorganized and unprotected, should have their rights safeguarded. That is all I am asking.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. COOPER of Tennessee. I know the gentleman will agree that we all want to accomplish the purpose he has in mind, but I want to point out one distinction, that these are not considered in the strict sense investment bonds. They are savings bonds. The whole plan is based upon the idea that the people will put their money in these bonds as a savings proposition.

Mr. PATMAN. I thoroughly agree with the gentleman.

Mr. COOPER of Tennessee. There can be no doubt that this Government of ours will certainly give every man his money when he is entitled to it.

Mr. PATMAN. Knowing the gentleman from Tennessee as I do, I am sure he is willing to protect the interests of the

people. That is all I am trying to do. I hope the gentleman will vote to adopt the amendment.

The CHAIRMAN. The time of the gentleman from Texas [Mr. PATMAN] has expired.

Mr. SAMUEL B. HILL. Mr. Chairman, I ask that the amendment offered by the gentleman from Texas [Mr. PATMAN] be voted down. It is not in harmony with the provisions and purpose of the bill. This bill proposes 10-year bonds; and if we make a 90-day proposition out of it, we will simply take out from under this particular kind of bond the proposal that the Treasury has in providing this savings fund for the investor, and also helping to raise the necessary revenues for carrying on the emergency operations of the Government.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. JENKINS of Ohio. I take it that the provision after the word "provided" is much more favorable to the investor than the provision offered by the gentleman from Texas [Mr. PATMAN], because that says "any time."

Mr. SAMUEL B. HILL. Yes; when the Treasury wants to redeem, it pays all the money paid plus all accrued interest.

Mr. PATMAN. But will the gentleman yield there?

Mr. SAMUEL B. HILL. I yield.

Mr. PATMAN. That is up to the Secretary of the Treasury. That is not mandatory.

Mr. SAMUEL B. HILL. I ask that the amendment offered by the gentleman from Texas be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. PATMAN].

The amendment was rejected.

Mr. KENNEY. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. KENNEY: On page 7, lines 2 to 5, strike out "no further original issue of bonds authorized by section 10 of the act approved June 25, 1910 (U. S. C., title 39, sec. 760), shall be made after July 1, 1935."

Mr. KENNEY. Mr. Chairman, I have been trying to get information from the committee, but the gentleman from Washington [Mr. HILL] declined a moment ago to yield. What I am trying to get at is this: We are now about to issue these savings bonds. At the present time the Post Office Department sells bonds or 90-day certificates upon which interest at $2\frac{1}{2}$ or 3 percent is paid and which are redeemable at any time at par or face value. I should like to know whether with the issuance of these bonds that practice is going to be discontinued. Today a man may put his savings in the Postal Savings by purchasing these bonds or certificates and get his $2\frac{1}{2}$ - or 3-percent interest and be assured of getting his money back at any time.

I should like to know from the committee in charge of this bill whether that practice is going to be discontinued upon the issuance of these bonds, which tie up the purchaser for a long term.

Mr. SAMUEL B. HILL. It will be as to the certificates now outstanding, but there will be no further ones issued.

Mr. KENNEY. The Post Office Department will not continue to issue the postal bonds or certificates it is issuing now?

Mr. SAMUEL B. HILL. Not after July 1 next.

Mr. KENNEY. In other words, a person may not deposit his money in the Postal Savings System and get one of these Postal Savings bonds that pay him $2\frac{1}{2}$ - or 3-percent interest?

Mr. SAMUEL B. HILL. He can up to the 1st of July 1935, but not afterward.

Mr. KENNEY. I believe the public should continue to have the benefit of the Postal Savings bonds, which permit a purchaser to make what amounts to a time deposit. Otherwise, this type of depositor will be compelled to buy these savings bonds upon which he may be called upon to take a loss. The amendment should be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey.

The amendment was rejected.

The Clerk read as follows:

Sec. 7. Section 1126 of the Revenue Act of 1926 is amended by adding at the end thereof the following: "In order to avoid the frequent substitution of securities, such rules and regulations may limit the effect of this section, in appropriate classes of cases, to bonds and notes of the United States maturing more than a year after the date of deposit of such bonds as security. The phrase 'bonds or notes of the United States' shall be deemed, for the purposes of this section, to mean any public-debt obligations of the United States and any bonds, notes, or other obligations which are unconditionally guaranteed as to both interest and principal by the United States."

Mr. FISH. Mr. Chairman, I move to strike out the last two words, "United States."

Mr. Chairman, those are pretty large words to strike out, but this bill certainly starts them on their way through providing the machinery for a gigantic inflation.

I understand that while I was absent getting a few refreshments downstairs the gentleman from Texas [Mr. PATMAN] referred to me as coming from the city of New York, from Wall Street, or from a wealthy district in that great and glorious city.

Mr. PATMAN. Not Manhattan.

Mr. FISH. I am a farmer. [Laughter.] I am a dirt farmer like the President. How do you like that? And I come from his own congressional district, that great district up the Hudson River. I am sorry to say that due to the Democratic Party there are very few millionaires left in my district, but whoever are left, I think, are supporting the President. They will not support me, because I am against these tax-exempt securities from beginning to end. [Applause.]

Now, as to my friend from Massachusetts, and he is a very good friend, and there is no abler or squarer Member in the House; he has the right to his views. He is a fair man. I know he wants to be fair. I think he admits that I have a right to my views; and I have a very definite view that is entirely different from the gentleman's, that this bill actually gives the Secretary of the Treasury and the President the right to issue \$13,000,000,000 more of Government bonds. That is written right into the report, and that is what the gentleman denies. It is very easy to prove; it is right here. It says we have issued \$25,000,000,000, but we have redeemed \$12,000,000,000. Subtract that which is redeemed from that which was issued and it gives you the right to issue \$13,000,000,000 more bonds. I do not see how any sensible man is going to differ with those facts, because they are facts, and very obstinate ones.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield.

Mr. SAMUEL B. HILL. The Secretary of the Treasury will not have authority to issue bonds except for expenditures authorized by the Congress.

Mr. FISH. He has the right without coming to Congress to issue these bonds. That is the very purpose of this legislation or it would not have been brought in here.

Now, just one other word. The reason I object to the whole performance is that it destroys what has been going on in this country for 150 years. We are just rushing into debt without providing any means to extinguish the debt. There is no means in this bill of providing revenue, nor has there been any such means in any other bill appropriating these huge sums of money. This is the most popular but at the same time the most insane way to legislate that has ever been devised. All you do is to go ahead and say, "We will borrow more billions and still more billions up to \$13,000,000,000 additional, and we will not tax the American people one cent." That is just what you are doing; that is the real Democratic policy. You are afraid to tell the people the truth by calling upon them for additional taxes to extinguish these debts which you are piling on top of each other by the billions without any regard for the day of reckoning.

The first message of George Washington to the Congress contained the statement that if the Government borrowed money it should provide means of extinguishing the debt. Here you provide means to borrow \$13,000,000,000 additional,

but do not provide one cent of revenue. It is the most popular scheme of government ever devised, but it is totally crazy except for political purposes. Sooner or later the public will find out what is going on and call a halt to such a method of high financing equal to Ponzi or the "Wolf of Wall Street", and, if not, we are headed for the rocks of insolvency. I am surprised that any member of the Republican Party intends to vote for this bill. I cannot see why he should. I hope there will be a roll call and that we will have a record vote on this inflationary measure that likewise takes additional powers away from Congress over the control of the purse strings and turns them over to the Chief Executive and the Secretary of the Treasury.

Mr. PATMAN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, when I stated that the distinguished gentleman from New York was representing New York City or the Wall Street district—I do not recall just the phrase I used—I did not look it up. I will admit I made no investigation, but I was quite sure many New York City people resided in his district.

With reference to this bill I am interested on a motion to recommit, in one amendment particularly.

There is one amendment I think the House would favor if they had an opportunity to vote on it, and that is the amendment of the gentleman from Texas [Mr. DIES], as amended by me.

You know, there are several ways in which to gag Members. You may gag them first by bringing in a bill and getting a rule. You may gag them next by going into committee, as we are now, where there is no record vote. Then you may gag them by cutting off debate—and I may say to the gentlemen on this committee that they have been very liberal and generous so far as time is concerned. There is another way in which Members may be gagged, and that is by somebody getting up and offering a pro forma motion to recommit in order to prevent the House from passing on a material and important question. I should like to ask the gentlemen of the committee whether they contemplate offering a motion to recommit on this bill?

Mr. DOUGHTON. The gentleman does not suppose I would offer a motion to recommit.

Mr. PATMAN. Or any member of the committee? May I ask the gentleman from Massachusetts, the ranking Republican member, if he intends to offer a motion to recommit?

Mr. TREADWAY. I may say to the gentleman from Texas that the time to find out about a motion to recommit is after the Committee rises, and not in the Committee of the Whole.

Mr. PATMAN. I thank the gentleman for the information.

Mr. TREADWAY. That is all the information I will give the gentleman.

Mr. PATMAN. I hope the gentleman will not make an effort to unduly gag the Members of the House and that he will not introduce some gag in order to prevent the offering of a motion that is really constructive.

Mr. TREADWAY. It may happen, I will say to the gentleman from Texas, that some people would think what he would offer might not be so tremendously important.

Mr. PATMAN. The same thing may be said about the gentleman's suggestions and amendments.

Mr. COCHRAN of Missouri. Is the gentleman from Texas trying to gag the members of the committee at this time?

Mr. PATMAN. No; I am not trying to gag the members of the committee, but I do not want the committee members to gag us.

[Here the gavel fell.]

Mr. MARTIN of Colorado. Mr. Chairman, I move to strike out the last section.

Mr. Chairman, I offered this motion in order that I might say a few words to ease my conscience for voting for this bill, if I do vote for it, and I most likely will. When I saw the stupendous figures carried in this bill I said, "My God,

shades of James B. Weaver and William J. Bryan, whose voices have sounded in this Hall, and shades of all the greenbackers, all the silverites, populists, expansionists, and inflationists that ever lived." In this year of progress, 1935, and in the second year of the new deal, we are here reorganizing the mechanics of a national-debt structure in the stupendous, inconceivable, and astronomical sum of \$45,000,000,000.

This recalls to my mind a campaign that happened before a lot of these kids here were ever born, the campaign of 1888. The paramount issue in that campaign was whether \$100,000,000—just a measly, lousy \$100,000,000—of Government bonds coming due should be retired and paid off. The Democrats were for retiring them. The issue got pretty hot. They smoked the Republicans out on that issue and the Republican Party in its platform, if I am not mistaken, pledged itself to retire the \$100,000,000 of Government bonds. Of course, after election they repudiated the pledge. [Laughter.]

May I tell you a little incident that has remained in my memory all through the years. I was a kid living down in Missouri and was interested in national affairs when I was a pretty small boy. At that time we subscribed to the St. Louis Globe-Democrat, which was a Republican paper, in spite of its Democratic name. However, it was the best newspaper in Missouri, so we subscribed for it. About 2 weeks after Harrison had defeated Cleveland in 1888, there was a three-line editorial squib in the Globe-Democrat, and I can almost remember the exact words after all these years. It said:

Of course, these national bonds will not be retired. Platforms were made to get in on, not to stand on.

I took my boyish pen in hand and wrote a letter to the Globe-Democrat stopping our subscription to that paper.

We have progressed since those days. We have progressed from \$400,000,000 of outstanding indebtedness to reorganizing the mechanics of a debt structure to the extent of \$45,000,000,000.

[Here the gavel fell.]

Mr. DIES. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. MARTIN of Colorado. Mr. Chairman, I shall not take the 5 minutes, but I do want to mention one other incident recalled by this bill which carries with it a little word of warning. I am not going back quite as far as I did on the other campaign. I refer to the campaign of 1892 and to a time when the credit of the United States Government was not worth \$100,000,000.

It was going to be necessary to raise \$100,000,000. President Harrison was running for reelection. They say that the plates were engraved to strike off this \$100,000,000 worth of bonds, when some astute, long-headed national Republican politician—and they have always had that type of men in their fold—said: "Now, look here, let us just let this thing rest until after election. If Harrison is reelected we will strike off the bonds and issue them. If he is not, we will pass them over to Grover Cleveland", and they did.

When Grover Cleveland assumed the Presidency, he was confronted with an empty Treasury and the necessity of raising a measly, lousy, utterly inconsequential sum of \$100,000,000, and could not sell that amount of United States bonds at popular subscription, and what happened? To my mind this is the most disgraceful episode I know of in the history of any American President, and Grover Cleveland, with his monumental obtuseness, told this on himself in the Philadelphia Saturday Evening Post after he had retired from the Presidency. He said that J. Pierpont Morgan came here to Washington, went to the White House and showed him an obscure, long-forgotten statute under which these bonds could be sold at private sale to him. They were sold at private sale to him. He underwrote them. He got them at 96 and turned them over for about 104 or 105. J. Pierpont Morgan made seven or eight million dollars' profit on that transaction. What a shameful thing that the

credit of one man, a Wall Street banker, was worth more than the credit of the United States of America, but this is a historical fact.

The point I am trying to drive home is this: Just 40 years ago the credit of the United States Government was not worth \$100,000,000. Now, today, we are reorganizing a debt structure up to \$45,000,000,000.

Various amendments have been ruled out as not germane or as not relevant and I think, perhaps, they were not, but that does not disturb me. The thing about this bill that disturbs me, and I believe it is going to disturb the country before we get through with it, is that it is indicative of a policy. The question is asked, Where are we drifting? Apparently, on the money question, the bond question, and the question of financing, we are not drifting anywhere. The good, old ship of state is tied up to the same old rotten interest-bearing, tax-exempt bond dock it has always been tied to. There are only two things in the United States that are worth a tinker's dam—interest-bearing, Government bonds and money. You have got to stop this bond issuing eventually, and go to issuing money against this nine or ten billion dollars' worth of gold and silver that is lying locked up down here in the United States Treasury. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SUTPHIN, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 4304) to amend the Second Liberty Bond Act, as amended, and for other purposes, had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

Mr. DOUGHTON. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The bill was ordered to be engrossed, read a third time, and was read the third time.

Mr. PATMAN. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman a member of the committee?

Mr. PATMAN. No; I am not.

The SPEAKER. Is there any member of the committee opposed to the bill who desires to offer a motion to recommit? If not, the Clerk will report the motion.

Mr. COOPER of Tennessee. Mr. Speaker, may I ask if the gentleman from Texas qualifies?

The SPEAKER. Is the gentleman opposed to the bill?

Mr. PATMAN. I cannot say I am opposed to the bill, but I do prefer its present form changed.

Mr. COOPER of Tennessee. Mr. Speaker, I make the point of order that does not qualify the gentleman to offer the motion.

Mr. BLANTON. If there is no other Member who desires to offer a motion to recommit, I submit, Mr. Speaker, the gentleman from Texas [Mr. PATMAN] qualifies.

The SPEAKER. If there is no one opposed to the bill who desires recognition to offer a motion to recommit, the Chair recognizes the gentleman to offer his motion.

The Clerk read as follows:

Mr. PATMAN moves to recommit the bill (H. R. 4304) to the Committee on Ways and Means, with instructions to immediately report the same back to the House with the following amendment:

On page 2, line 8, after the word "aggregate", strike out "\$25,000,000,000 outstanding at any one time" and insert "at

any time three times the total amount of all outstanding currency of the United States, not including the money held in the United States Treasury."

Mr. COOPER of Tennessee. Mr. Speaker, I make a point of order against the motion that it is not germane to the section or to the bill. It relates to the subject of currency, which is not treated in this section or in the bill.

Mr. PATMAN. Mr. Speaker, it was held in order in the committee and, of course, we were led to believe it would be held in order in the House.

Mr. COOPER of Tennessee. Mr. Speaker, there was not a point of order made against it in committee.

Mr. PATMAN. I understood there was, but anyway I should like to be heard on the point of order.

Section 1 deals with the issuance of bonds by the United States Treasury. This places a limitation on that provision. The limitation is that bonds may be issued, but only to the extent that they do not have outstanding at any one time more than \$3 of bonds to \$1 in money. It is a limitation upon section 1 of the bill.

In other words, to make it clear what I am driving at, we have outstanding about \$5,000,000,000 in currency in circulation, \$28,000,000,000 in United States bonds, notes and certificates. This would require the issuance of additional currency so there would be a ratio of 3 to 1 based on the gold in the Treasury of the United States.

Mr. COOPER of Tennessee. That is the very point, that is something that is not in here. It is not a limitation, it does not stop at the point of a limitation, but goes farther and is an affirmative direction as to the relation of the currency—an expansion of the currency, which is not dealt with in this section or in the bill.

Mr. McCORMACK. Mr. Speaker, in connection with what the gentleman from Tennessee has said, it seems to me that under the guise of a limitation this is an attempt to inject the currency question into a bill which relates to bonds and the indebtedness of the Government.

In other words, this is an attempt to inject in a direct way the currency question by providing for a relationship of bonds issuable to outstanding currency, and that it shall be at a ratio of \$3 in bonds to \$1 in currency. I submit that such is not a limitation, but an affirmative action with relation to currency, a direct injection of the currency into a bill which in no way relates to the currency or monetary question of the country.

Mr. BLANTON. Mr. Speaker, I desire to be heard on the point of order. Mr. Speaker, this whole bill deals with the subject of limitation of bond issues. There is no question about that. It limits the amount of bonds that may be issued by the Treasury Department. The motion to recommit made by the gentleman from Texas [Mr. PATMAN] is nothing in the world but a different form of limitation. It says that it shall be of a ratio of 3 to 1 of the outstanding currency of the Government. It certainly is germane to the bill, it deals with the subject matter of the bill.

Mr. O'MALLEY. Mr. Speaker, as far as I can see, the gentleman's motion provides only a means of mathematical calculation on the amount of bonds that can be issued and has nothing to do with currency beyond the fact that it mentions the word "currency." It provides a means of mathematical calculation, the same thing the original section does.

Mr. PATMAN. Mr. Speaker, the object, of course, is to cause an expansion of more money directly by the Government. That is true, but section 1 provides that these bonds may be issued to the amount of \$25,000,000,000. The Federal Reserve bank purchasing one of these bonds may redeposit that bond with the Government and get new currency. That may be done to the full amount of those bonds. I am placing a limitation on that, so that when there is need for additional currency, the money shall be issued directly by the Treasury instead of selling the bonds to the banks, and letting the banks redeposit the bonds with the Treasury and getting the money in return and getting the interest on the bonds at the same time they use the money—in other words, giving the banks a bonus amounting to tens of millions of dollars and yet not putting money in circulation. I want it issued directly.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. BLANTON. And the bank, when it deposits the bond and has money issued, not only gets the interest on the bonds but lets the money out at another high rate of interest.

Mr. PATMAN. That is correct, and the bank can lend \$10 to every \$1 of such money it has at its disposal.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. RANKIN. The gentleman from Massachusetts [Mr. McCORMACK] raised the point that this measure has nothing to do with currency. That is what we are trying to do—to pay a part of the national debt with these bonds. If we had the money to pay these bonds, there would be no necessity for issuing others in their places. To say that this motion to recommit is out of order simply because this is not a currency bill, per se, is, it seems to me, entirely too fine-spun for the practical affairs of legislative procedure in the House of Representatives.

The SPEAKER. The Chair is ready to rule. The gentleman from Texas [Mr. PATMAN] has offered a motion to recommit with instructions to add an amendment to section 1 as follows:

Page 2, line 8, after the word "aggregate" strike out "\$25,000,000 outstanding at any one time" and insert "at any one time, and three times the total amount of all outstanding currency of the United States, not including the money held in the United States Treasury."

The bill before the House relates solely to the reissue of bonds. The motion to recommit seeks to tie up with the reissue of bonds the question of the issuance of currency. The Chair does not think, therefore, that the motion to recommit is in order or that it can be properly construed as a limitation, or as being germane to the pending bill.

Mr. PATMAN. Would the Speaker bear with me for another suggestion?

The SPEAKER. Certainly.

Mr. PATMAN. As the bill is written it deals with the currency. It provides that these bonds may be issued. Existing law provides that these bonds may be redeposited and currency issued in return for them. Therefore, the currency problem is mixed up with this, and you cannot separate them because under existing law these bonds may be redeposited by the banking corporation and new money issued in return. The sole question is whether or not we shall issue the money directly by the Treasury or shall issue bonds to the banks and let the banks redeposit the bonds and get the money in return and continue to get the interest on the bond.

The SPEAKER. As the Chair reads the motion to recommit, it would compel the Treasury to issue currency against the issue of bonds.

Mr. PATMAN. I submit, Mr. Speaker, there is nothing in the language of the motion to recommit which, to my knowledge, would lead the Speaker to believe that. The President of the United States under existing law has the right to issue up to \$3,000,000,000 in United States notes. He has the right to issue \$3,000,000,000 more in payment of United States bonds to Federal Reserve banks, and this amendment would require him to either issue that money in order to bring the ratio up or to provide for its issuance in some other way.

The SPEAKER. But the issue of the bonds, as the Chair construes the motion to recommit, is based on the issuance of currency, and in that sense it does undertake to tie up with this bill which relates to the reissue of bonds the subject of the issuance of currency. The Chair therefore sustains the point of order made by the gentleman from Tennessee.

The question is upon the passage of the bill.

The question was taken; and on a division (demanded by Mr. PATMAN) there were ayes 152 and noes 30.

Mr. FISH. Mr. Speaker, I make the point of no quorum.

Mr. WOODRUM. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. WOODRUM. I call the Speaker's attention to the fact that a great many Members did not vote either way on the question.

The SPEAKER. The Chair will count. [After counting.] Two hundred and nineteen Members are present, a quorum. So the bill was passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

Mr. FISH. Mr. Speaker, I ask for a teller vote.

The SPEAKER. The Chair will state that the bill has been passed and a motion to reconsider was laid on the table. So the request of the gentleman comes too late.

Mr. BULWINKLE. Mr. Speaker, the gentleman from New York did not make that motion. The gentleman did not object to the vote. He simply made a point of no quorum, and that is all he did.

Mr. FISH. That is correct; but I asked for a teller vote.

The SPEAKER. The gentleman's request for a teller vote comes entirely too late, because the bill has been passed, and a motion to reconsider has been laid on the table.

THE NEW GOVERNMENT WORK PROGRAM SUBSTITUTES JOBS FOR DOLES

Mr. ELLENBOGEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. ELLENBOGEN. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following:

Mr. Speaker, last week the House of Representatives passed a measure which I sincerely believe will stand out as one of the greatest and one of the most encouraging events of these trying times. By a vote of 329 to 78 it passed House Resolution 117, which provides \$4,880,000,000 for the use of the President in combating unemployment.

You are, I know, familiar with the chief provisions of that measure. Of this sum, \$880,000,000 is for direct relief, to be allocated to the States and tide them over until the program under which the \$4,000,000,000 will be expended begins to function. Authority to expend this money is left solely to the discretion of the President.

THIS BILL IS AN INTEGRAL PART OF A GREAT NATIONAL PROGRAM OF SOCIAL AND ECONOMIC SECURITY

These are the essentials of this bill. I should like to discuss its significance, why I consider it of such great importance, and how it fits in with an even far greater program for the betterment and financial restoration of this country to definitely better times.

When I addressed my colleagues last Wednesday during the debate on this measure, I suggested that we should not overlook the fact that this bill is one part of a vast program; and we must always keep a complete picture before us in order to see clearly how all these parts fit into the complete whole.

I ask this again now, because everything that we do in Congress during this session will be for the purpose of shaping up that entire program.

The goal of this program is national security—social and economic. It consists of two parts. One is to end the dole system of relief and to give employment to all those who are unemployed. The second part of the program is to care for those who are unemployed but unable to work. This we intend to do through the program of social security which was presented to Congress by the President.

WE ARE GOING TO GIVE PEOPLE JOBS

Now, let us look at the first part of that program—for which we appropriated \$4,000,000,000. I can tell you what this amounts to in seven words. We are going to give people jobs. These words are of tremendous significance. They mean salvation—mental, physical, and spiritual salvation—for three and one-half million people. They mean that we are going to discard—and I fervently pray that we will never return to it—a dole system whereby when a man came to us and said, "I want work", the best we could say in reply was, "We have no work, but here is a little something to keep you from absolute starvation."

RELIEF IS NO ADEQUATE SUBSTITUTE FOR EMPLOYMENT

Do not misunderstand me. Our relief system did keep people from starvation. It did, insofar as it was able, shelter

people from cold, feed them, and offer the bare necessities of life. For one of the first things Franklin D. Roosevelt recognized when he was sworn into office as the President of the United States was the sacred obligation of this country to see that no one goes hungry. Relief was not the best way, but it was the quickest then. We hoped that this depression would not last so long. We hoped that private industry would help to assume the national burden of recovery, that it would pitch in and do its part.

Well, we were wrong. One, two, three, four, five years have gone by, and our hopes have not been realized. Private industry has not shared the load. I am not placing blame here; I am simply making a statement of fact.

THE GOVERNMENT'S MESSAGE TO THE UNEMPLOYED

And from this we have now come to a new stage of responsibility, and one which I welcome with great happiness, because I advocated and fought for it ever since I have been a Member of Congress.

Now we say, "Until private industry, until your former employer, until the field of work for which you have been trained and prepared, and for which you are qualified, furnishes you a job, we, the Government, will furnish that job. You are not going to come to us empty handed. To the best of our ability, with every means at our disposal, we are going to give you work to do—useful work—work which will add to the material wealth and to the greatness of our country, and, above all, work which will restore to you your self-respect."

THE EFFECTS OF ENFORCED IDLENESS

Mr. Speaker, I hope that all of us can realize how much this means. I do not think that we will ever know the tremendous loss beyond all possible computation which this country has suffered because of its millions who have had their morale and their energies numbed, their eagerness and desire to contribute to the well-being and prosperity of their community and of their Nation stifled. This is what unemployment means, and to try to make up for that unemployment by offering a man relief to provide for bare subsistence is a sorry substitute. It is one which we never want to see again.

Everyone has the right to live decently and to live happily, and through this legislation which we have passed in the House and which I hope will soon become the law of the land we are going to begin to have that decency, that happiness in this country again.

THE WAGE SCALE UNDER THE NEW PROGRAM

My friends, there was much discussion last week on the floor of the House and in all the newspapers regarding the scale of wages which is to be paid under this new program. I want to point out to you that the bill sets up no specific wage scale. It contemplates that wages paid should be lower than those received for similar work from private industry, but at the same time should be fair enough to permit decent living.

It has been widely published that this wage will be \$50 per month. This statement should be qualified and explained. For one thing, as I said before, there has been no official pronouncement regarding wages. One Government official who testified before the committee holding hearings on the bill did mention an average wage of \$50 per month. This might mean that for large industrial centers and in big cities, where the cost of living is higher than in smaller places, the scale would be more than \$50 per month.

WAGES SHOULD GIVE THE WORKER MORE THAN HE RECEIVES FROM RELIEF

As far as I am concerned, it will absolutely have to be more than that. Why, if we were to pay in Pittsburgh only \$50 a month to people who are doing real jobs and who are adding to the wealth of this country, through the public works that will be built, they would not be much, if at all, better off than under the present system of relief.

Right now the head of a family of four in Allegheny County can earn, under the work-relief system in effect, \$14.25 a week. I do not mean that the wage earner for all families of this size receives this amount, but this is the maximum which he can receive. The average cash relief to

a similar family where no one is working amounts to about \$10 a week. You will, therefore, clearly see that \$50 a month is much too low, and I am going to advocate and press as hard as possible for a scale of wages higher than this.

I hope that such adjustments will be made, but most important is that at last the unemployed can know that idleness is going to end—the un-American dole is to be thrown overboard. Instead, people will again be able to use their hands, their minds, and hearts to earn their daily bread.

NOW WE HAVE AN EQUALLY GRAVE RESPONSIBILITY—WE MUST GIVE ADEQUATE AID TO THE UNEMPLOYED WHO ARE NOT ON RELIEF

And now, Mr. Speaker, I ask that we consider another part of this picture, and one just as important. I say to you that after this bill has passed the Congress of the United States we have an equally grave and sacred obligation before us. Our task is twofold. In this bill we care for the unemployed who are on relief rolls. There is also that vast army of unemployed who are not on relief rolls, but whose condition is just as precarious and just as desperate. We must turn our thoughts and our actions to these. To some extent they will be helped by the removal from the field of unemployment of people on relief, and therefore will have a better chance to be called to private industry, but we must not repeat again our mistake of the past.

We are not going to assume that private industry will take care of them, for unless we care for them we will simply be working in a vicious circle. These unemployed who are not now on the relief rolls and who have done everything in their power to keep off relief, will be forced to go on relief, thus simply taking the place of those we are going to take off. No; we are not going to have that again. The same principle which is good, true, and just for one group is just as true for the others. We should not—and shall not—make a distinction between those who are on relief rolls and those who are not.

The relief roll is no criterion of need. There are between 5,000,000 and 6,000,000 unemployed in this country today who are not on relief rolls. Who are we to say that these people are not just as desperately in need as the others? We dare not and shall not say that their need is less and their plight is no concern of ours. It is our concern. It is a sacred one, and we must attend to it at once.

INDEPENDENT OFFICES APPROPRIATION BILL—CONFERENCE REPORT

Mr. WOODRUM, from the Committee on Appropriations, presented a conference report on the bill (H. R. 3410) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1936, and for other purposes, for printing.

ORDER OF BUSINESS

Mr. MARTIN of Massachusetts. Mr. Speaker, may I inquire of the acting majority leader what the program is for Monday and Tuesday?

Mr. TAYLOR of Colorado. Monday is District of Columbia day, but I understand they have no business, so I assume we will go ahead with the Treasury and Post Office Departments appropriation bill.

REPLY TO THREATENING LETTER

Mr. BLANTON. Mr. Speaker, I have received from some constituents in my district a letter threatening me and attempting to intimidate me into voting for the Townsend old-age pension plan. This afternoon's Washington Star, which is just off the press, on page 6, reports that at a luncheon yesterday at the National Press Club, Dr. F. E. Townsend told them that his 30,000,000 followers will insist on his pension plan, or they will stage a revolution. I quote from the article the following:

The casual prediction that his followers will overturn the Government of the United States if it refuses to put into effect his old-age revolving pension plan was voiced by Dr. F. E. Townsend at a luncheon at the National Press Club yesterday.

It is very significant that in this threatening letter I have received from one of these Townsend Clubs in my district there is a threat of revolution. Can it be possible that

"revolution" is becoming a preachment of this Townsend propaganda?

Believing, Mr. Speaker, that it will be of interest to my colleagues and to the country generally, I ask unanimous consent to extend my own remarks in the RECORD at this point, and to print a letter that I wrote in answer to the threats made by this Townsend Club in my district, threatening me and Congress if we did not pass that bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. BLANTON]?

There was no objection.

The following is the reply referred to:

HOUSE OF REPRESENTATIVES,
Washington, D. C., January 25, 1935.

Mr. J. B. LEATH, President,
Mr. J. R. BARRETT, Vice President,
Mr. D. C. DOVE, Secretary,
The Townsend Club, Mineral Wells, Tex.

GENTLEMEN: I have your communication of the 21st instant, stating that you represent 1,500 voters in Mineral Wells and have the signatures of 2,000 voters in Palo Pinto County and the signatures of 40,000 of the best people in my congressional district, who demand that I support the Townsend old-age pension bill or resign my position; and that, if I refuse to help pass it, you will defeat me for reelection and that the Townsend followers will become radicals and "wreck the Government."

It would seem that your Dr. Townsend has already become a radical and is seeking to wreck the Government. This afternoon's Washington Star, just off the press, with the headlines, "Townsend talks about revolution" and "Tells Press Club 30,000,000 followers will insist on pension plan", states:

"The casual prediction that his followers will overturn the Government of the United States if it refuses to put into effect his old-age revolving pension plan was voiced by Dr. F. E. Townsend at a luncheon at the National Press Club yesterday."

When you and Dr. Townsend threaten revolution, you don't represent the same splendid people I represent. They don't wreck governments. They believe in an orderly government. They believe in a stable government. They are not Dillingers, who with drawn guns say "Stand and deliver." They want a government that pays its debts and is good for its obligations. They want to preserve their government, and they know I will do all I can to preserve it.

My constituents elected me, and have kept me in office, because they have learned that they can depend upon me absolutely to fearlessly perform my duty at all times and under all circumstances regardless of consequences.

Threats do not scare me. I have been threatened many times for doing my duty. Opposition doesn't scare me. I have been opposed many times for doing my duty. Abuse doesn't scare me. I have been abused many times for doing my duty. Attacks do not scare me. I have been attacked many times for doing my duty. I have received threats of violence and even of death because I did my duty.

I am against the Townsend plan because there is no possible way under heaven to raise that much money. I am against it because it would bankrupt and wreck the Government.

Dr. Townsend claims that there are only 8,000,000 persons over 60 years of age in the United States, and to pay them \$200 per month would cost the Government \$19,200,000,000 per year. But our reliable expert Government actuarial all agree that to pay every person in the United States over 60 years of age \$200 per month, together with the administration expense necessary and incident thereto, would require the sum of \$24,000,000,000 per year. Dr. Townsend does not deny it. All are now agreed that it will cost \$24,000,000,000 per year.

It might be possible, if the Government had the money. It might be possible, if by some means the Government could raise that much money. But there is no possible way on earth or under heaven for this Government to raise \$24,000,000,000 extra per year. All of the governments on earth put together could not raise \$24,000,000,000 per year.

Our entire combined revenues from all sources of taxation last year amounted to only \$3,700,000,000, which is less than one-sixth of what Dr. Townsend proposes to pay each year in old-age pensions alone. If we had paid these total revenues for last year of \$3,700,000,000 on old-age pensions, we would have had to raise an additional \$20,300,000,000 more in order to have been able to pay \$200 per month to all persons over 60 years of age. Where would we have got it? The proposed sales tax mentioned by Dr. Townsend wouldn't raise enough to pay the actual expense of administering it, and is so utterly ridiculous and absurd to any person posted on Government finances, business, and taxation that it is not worthy of consideration.

I wish that you gentlemen could know just how very hard it is for your Government to raise the \$3,700,000,000 it received in total revenues last year, and then you would understand just how absolutely impossible it would be for this Government to raise \$24,000,000,000 extra to pay the Townsend pensions.

After taxing incomes, inheritances, gasoline, tobacco, liquors of all kinds, the nuisance taxes, the excise taxes, the 2-cent tax on bank checks, extra postal rates, and all other taxes, this Government last year could not raise but \$3,700,000,000 in total revenues

from all sources. Now compare that with the stupendous sum of \$24,000,000,000 needed for the Townsend plan. Can't you see that it is simply out of the question? Can't you see that it is impossible? Can't you see that it is ridiculous? Can't you see that it is absurd?

You wouldn't have any respect for me if I voted for such a monstrosity. You would not have any confidence in me if I told you I would vote for it and help to pass it. Because if it were passed, it could not be executed. It would not be possible to raise the money. The Government could not make the payments. The people would not receive their \$200. They would find out that Congress had handed them a gold brick. Don't you think that it is cruel and unpardonable for any person to attempt to fool and disappoint eight or ten million old men and women and lead them to believe that they will be paid \$200 per month when there is no possible chance on earth to pay them? I am not going to fool my constituents. I am not going to mislead them. I am not going to disappoint them. I want them to have confidence in me. I want them to believe in me. I want them to know that they can depend on me. And they do know it.

Some constituents insist that the minimum age should be 58; some demand that it be 55; some threaten that it must be 50; and even some want it to begin at 45 years; and some have insisted that the amount should be \$250; and a few have written that they think the pension should be \$300 per month, as that would put more money in circulation. As a matter of fact, \$300 per month at 45 years and over would be just as possible as \$200 per month beginning at 60 years and over, because both are absolutely impossible.

A prominent former official of Palo Pinto County writes me that he signed under a misapprehension of facts.

A prominent official of Eastland County, who is a man of strict honor and integrity and an unusually high-class citizen, writes me:

"Some time during the month of November an attorney from Fort Worth came to this county and made several talks favoring the Townsend old-age pension plan, and urged our people to secure all signatures possible to petitions urging you and the Senators to support the plan. A dozen or more petitions were circulated over the county and 3,000 signatures were secured."

I feel sure that none of them knew that the Townsend plan would cost each year \$20,300,000,000 more than our entire total revenues were last year from all sources of taxation.

It is immaterial whether or not Dr. Townsend has collected anything from his followers. On October 15, 1934, he wrote me respecting his Townsend clubs: "The only demand of members is that they purchase a booklet at 25 cents." That came from his office. That was his statement, not mine. In his address yesterday he claimed he now has 30,000,000 members. So far as I know he may not have collected 25 cents from any of them. He was the one who said he collected 25 cents from members. What he has collected is immaterial. That which is material is the fact that it is impossible for the United States to raise \$24,000,000,000, or \$19,200,000,000, or even \$10,000,000,000 additional to the revenues we now raise, which altogether last year totaled only \$3,700,000,000.

As I have said many times before, I am in favor of a sane, possible old-age pension such as was outlined by the President the other day. I have been in favor of it for several years. We must care for our aged men and women. I am far more concerned about the aged men and women in my district than is Dr. Townsend. I know them. He doesn't. I am their Representative. He is not. I sympathize deeply with all of their many problems, about which he knows practically nothing. We would have passed an old-age pension in the last Congress, but the President wasn't ready for it. But he then promised us that he would approve it this session. He is ready for it now. And we are going to pass it this session. And we would pass it if Dr. Townsend had never been born.

Your friend,

THOMAS L. BLANTON.

FEDERAL CONTROL OF MONEY AND CREDITS

Mr. BUCKLER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. BUCKLER. Mr. Speaker, I rise in support of the Dies amendment to House Resolution 4304.

One of the most important questions before this Congress is the money question.

I believe that the Federal Government should take over the Federal Reserve banking system and control the money and credit of this Nation for all the people, instead of "farming" it out to the big bankers and money lenders.

The Constitution provides that Congress should issue the money and control the value thereof. The present system provides issuing bonds and borrowing the money to finance the Government. The Federal Reserve banks and big bankers can buy a bond drawing 3-percent or 4-percent interest, then deposit it with the Government Treasury and this Government Treasury issues the face value of the bonds in currency at a cost of less than one-half of 1 percent. They can loan this money to the people from 6-percent to 8-percent interest or more. In other words, they draw 3

percent or 4 percent on the bonds as well as getting the interest on the money which they loan out to the people.

National banks can buy bonds equal to their capital stock and deposit with the United States Treasury, and in return the Treasury will issue them currency for face value of bonds. For every dollar the banks have on deposit they can issue 10 times the amount in credit, and people pay interest on that credit. Under this arrangement the banks can inflate the currency or deflate it at their will. You remember the way the Federal Reserve bank and the banks inflated the currency "to win the war."

You remember in 1919 when they advised farmers of this Nation to "be patriotic and increase the number of livestock and machinery to help feed the world, as it will take 5 years to catch up with production." Farmers went to the bank, as they were advised, and borrowed the money, went in debt, and inside of 12 months this same Federal Reserve bank, in the fall of 1920, deflated the currency, taking the money out of circulation, out of the agricultural districts. The country bankers endeavored to collect the money and the farmers' prices went down to one-half—in some cases, one-third of what his produce was worth 6 months before. They broke the farmers of this Nation as well as most of the country bankers.

It has been estimated that 2,000,000 farmers lost their farms and their life savings through the control of the money and credits by the big financial money changers. The big financial interests now seem to get excited and are terribly afraid of mild and controlled inflation, but they never say anything about when they deflated the currency and bankrupted the farmers of this Nation.

I say again, this system bankrupted the farmers of this Nation, caused 2,000,000 farmers to lose their farms, caused people to commit suicide, and caused 10,000,000 unemployed. It also has caused people to go ragged and hungry, and drove people to despair and the depths of hell and crime. The money system and the way it is handled by international bankers is responsible for the ills of this Nation.

There is only \$5,500,000,000 in actual money in the United States. However, at the present time, there is on deposit in the banks about \$41,000,000,000, of which a big percent is credit and not actual money.

Banks can inflate the currency by extending credit. They can contract currency by refusing credit, which they have been doing the last few years, as most of the business is done on credit. Without credit you have nothing to do business.

Therefore it is essential for the Government to take over the money and credit of this Nation, so that people will not have to pass through another period like the one we are just passing through.

THE SECRETARY OF THE INTERIOR

Mr. STUBBS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD regarding my defense of the Secretary of the Interior, Mr. Ickes.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. STUBBS. Mr. Speaker, I am prompted to rise in the defense of Secretary of the Interior Ickes, the trusted and capable right bower of President Roosevelt, and who has been "under fire" during the past few days from Members of the House.

I do not believe it is necessary for me to hold any particular brief for the honorable Secretary of the Interior, for he has often proved himself very willing and highly capable in the art of matching wits during verbal skirmishes and pitched political battles, but since the rules of the House bar him from answering any criticism here, it occurs to me that it is my duty as a gentleman to report that I am not totally in harmony with the charges which have been directed at him, and to recount some of the experiences which I have had with him and his Department.

Of course, I cannot speak for others; but in my considerable dealings with Secretary Ickes and the executives and

subordinates of his Department I have not always obtained that which I have sought, but in every instance I have received the utmost consideration and ready cooperation.

No one, to my knowledge, has ever seriously attempted to impeach the rugged honesty and simpleness of purpose for which our Secretary of the Interior is noted. He has proved his ability to handle an extraordinary huge sum of money without the usual leakages associated with such expenditures. The attacks upon him seem to center around patronage and the disposition of the \$3,000,000,000 placed at his command. Not in a position to know about his allocation of funds on a national basis, it is not my place to defend the distribution of this money on a sectional basis, but I do believe that I can understand his patronage difficulties.

It seems to me that his position is not unlike ours. We are hounded by thousands of folks back home for jobs—jobs which it is not possible for us to find. We plague the Secretary of the Interior, as Administrator of the Public Works Administration, and he is placed in the unfortunate position of being besieged by Members of Congress for jobs just as we are besieged by our people back home. We dislike to turn down our constituents, as we are forced to do every day in the week, and I have no doubt it would please Secretary Ickes to satisfy all of us in all our requests, but that, too, obviously is not possible.

I am a member of the Public Lands, the Irrigation and Reclamation, and the Indian Affairs Committees, all of which deal directly with the Department of the Interior. In my committee work I have been obligated to contact Secretary Ickes repeatedly, and I have failed to note any sign of the discourtesy for which he is being blamed.

As stated before, it is not necessarily my place to speak for this very able member of our Cabinet; but in view of the fact that he is a trusted lieutenant of our President, it appears to me that those of us who have had more than usual dealings with him and his Department should voice their knowledge of his actions. Secretary Ickes has exerted a great deal of energy in advancing legislation sponsored by the administration, before committees and otherwise, and he always has conducted himself in a fair and agreeable fashion.

Thus it is, in the midst of this intraparty political turmoil, which is embarrassing for all concerned, I am prompted to register my views in his defense.

THE LOW LEVEL OF EMPLOYMENT IN THE MARBLE, GRANITE, AND SLATE INDUSTRIES

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to extend in the RECORD as a part of my remarks a letter from Mr. John Finch, of the Bureau of Mines, which speaks of the great unemployment in the marble, limestone, granite, and slate industries, which have been very much discriminated against in the P. W. A. building program.

The SPEAKER. Is there objection to the request of the lady from Massachusetts?

Mr. BULWINKLE. Reserving the right to object, from whom is the letter?

Mrs. ROGERS of Massachusetts. The letter is from Mr. John Finch, of the Bureau of Mines, Department of the Interior. It contains some very valuable information. It speaks of the granite, limestone, slate, and marble industries in the United States. It also shows the Members of Congress who have these industries in their districts and who will be vitally interested in having this information. [Laughter.]

Mr. BULWINKLE. I have no objection.

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following statistics regarding the low ebb of employment in the marble, granite, and slate industries:

DEPARTMENT OF THE INTERIOR,
BUREAU OF MINES,
Washington, January 24, 1935.

Mrs. EDITH NOURSE ROGERS,
House of Representatives, Washington, D. C.
MY DEAR Mrs. ROGERS: In accordance with your telephone request this afternoon, I am enclosing a list of the congressional districts

with their Representatives covering areas where important marble and building-limestone industries are centered.

Regarding your question on the employment situation in the building-stone industries, I would state that the best information available is that given in the reports of the Bureau of Labor Statistics. The latest figures published are for November 1934. Of the 107 groups into which industry is divided, the group designated "Marble, granite, slate, and other products" was the very lowest in employment of them all. The number employed in these industries in November 1934 was only 28.6 percent of the 1923-25 average.

I trust that the data submitted will be of service to you.

Cordially yours,

JOHN W. FINCH, Director.

Chief centers of building-limestone production

State	Congressional district	Representative
Alabama	Seventh	William A. Bankhead.
Indiana	do	Arthur H. Greenwood.
Do	Ninth	Eugene B. Crowe.
Kentucky	Second	Glover H. Cary.
Minnesota	First	August Herman Andresen.
Do	Second	Elmer James Ryan.
Texas	Tenth	Martin Dies.

CHIEF CENTERS OF MARBLE PRODUCTION

Tennessee	First	B. Carroll Reece.
Do	Second	J. Will Taylor.
Vermont	At large	Charles Albert Plumley.
Georgia	Ninth	B. Frank Wheelchel.
Missouri	Sixth	Reuben Terrell Wood.
Do	Seventh	Dewey Short.
Do	Eighth	Clyde Williams.
Alabama	Fourth	Sam Hobbs.
New York	Twenty-sixth	Hamilton Fish.
Do	Thirty-first	Bertrand H. Snell.
California	Second	Harry L. Englebright.
Arkansas	do	John E. Miller.
Colorado	Fourth	Edward Thomas Taylor.
Maryland	Second	William P. Cole, Jr.
North Carolina	Eleventh	Zebulon Weaver.

Congressional districts in which granite appears

State	District	Name of Congressman
Vermont	At large	Charles Albert Plumley.
Massachusetts	Second	William Joseph Granfield.
Do	Fourth	Pehr G. Holmes.
Do	Fifth	Edith Nourse Rogers.
Do	Sixth	A. Piatt Andrew.
Do	Thirteenth	Richard B. Wigglesworth.
Do	Fourteenth	Joseph William Martin, Jr.
Minnesota	Sixth	Harold Knutson.
Do	Ninth	Richard Thompson Buckler.
North Carolina	Fifth	Franklin Wills Hancock, Jr.
Maine	First	Simon Moulton Hamlin.
Do	Second	Edward Carleton Moran, Jr.
Do	Third	Ralph O. Brewster.
Georgia	Fifth	Robert Ramspeck.
Do	Sixth	Carl Vinson.
Do	Tenth	Paul Brown.
Wisconsin	Seventh	Gerald John Boileau.
Do	Eighth	George J. Schneider.
Do	Tenth	B. J. Gehrmann.
New Hampshire	First	William Nathaniel Rogers.
Do	Second	Charles William Tobey.
New York	Twenty-fifth	Charles D. Millard.
California	Ninth	Bertrand Wesley Gearhart.
Do	Second	Harry Lane Englebright.
Maryland	Sixth	David John Lewis.
Do	Fifth (Baltimore city)	Stephen Warfield Gambrill.
South Dakota	First	Fred H. Hildebrandt.
Rhode Island	Second	John Matthew O'Connell.
Connecticut	First	Herman Paul Kopplemann.
Do	Second	William Lincoln Higgins.
Do	Third	James Andrew Shanley.
Pennsylvania	Ninth	Oliver W. Frey.
Do	Tenth	J. Roland Kinzer.
Do	Fourteenth	William E. Richardson.
Texas	Tenth	James P. Buchanan.
Do	Twenty-first	Charles L. South.
South Carolina	Fifth	J. P. Richards.
California	Fourth	E. T. Taylor.
Missouri	Eighth	Clyde Williams.
Washington	Fifth	S. B. Hill.
Oklahoma	Seventh	S. C. Massingale.
Montana	First	J. P. Monaghan.
Do	Second	R. E. Ayers.

SWEARING IN OF MEMBER

Mr. OLIVER. Mr. Speaker, I ask unanimous consent for the present consideration of a joint resolution which I have sent to the desk.

The Clerk read as follows:

House Resolution 72

Whereas WILLIAM B. BANKHEAD, a Representative from the State of Alabama, has been unable from sickness to appear in person to

be sworn as a Member of the House, and there being no contest or question as to his election: Therefore be it

Resolved, That the Speaker be, and he is hereby, authorized to administer the oath of office to said WILLIAM B. BANKHEAD at the Naval Hospital in the city of Washington, and that the said oath, when administered as herein authorized, shall be accepted and received by the House as the oath of office of the said WILLIAM B. BANKHEAD.

The SPEAKER. Is there objection to the request of the gentleman from Alabama [Mr. OLIVER]?

There was no objection.

The resolution was agreed to.

Mr. OLIVER. Mr. Speaker, the resolution was presented simply in order to follow the regular procedure. Mr. BANKHEAD is rapidly improving and hopes to leave the hospital very soon.

DEMOCRATIC CAUCUS POSTPONED

Mr. McFARLANE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD at this point and to insert a resolution which I have offered, together with the condition of apportionment of employees at the close of January 15, 1935.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. MARTIN of Massachusetts. Reserving the right to object, where did this come from?

Mr. McFARLANE. From the Civil Service Commission.

The SPEAKER. Is there objection?

There was no objection.

Mr. McFARLANE. Mr. Speaker, last week I circulated a petition among the Democrats of the House for the purpose of calling a caucus of the Democratic Membership of the House to discuss the present status of patronage and departmental personnel distribution and other affiliated matters. In a short while 75 Members had signed this petition, when only 25 were required under caucus rules. This caucus was first called for 7:30 p. m. January 24, but because of the late adjournment on yesterday, together with extremely bad weather conditions, it was decided to postpone the caucus until January 29, 7:30 p. m., at which time the caucus will be held in the House of Representatives. All Democratic Members of the House are urged to be present at that time.

I have offered the following resolution to investigate the distribution of patronage under appointments of the Civil Service Commission:

Resolved, That for the purpose of obtaining information necessary as a basis for legislation the Committee on Civil Service, as a whole or by subcommittee, is authorized to investigate the Civil Service Commission, the heads of all of the departments, commissions, and independent offices, to determine whether the third paragraph of section 2 of the act of January 16, 1883, being an act to regulate and improve the civil service of the United States, as follows: "Third. Appointments to the public service aforesaid in the departments at Washington shall be apportioned among the several States and Territories and the District of Columbia upon the basis of population as ascertained at the last preceding census" has been enforced and whether each State has its quota of Federal employees in the District of Columbia in the several departments, commissions, or independent offices as required by said act.

The committee shall report to the House the results of its investigation, including such recommendations for legislation as it deems advisable.

The committee, or any subcommittee thereof, is authorized to hold such hearings, to require the attendance of such witnesses, and the production of such books, papers, and documents, and to take such testimony and report its recommendations to the House.

It will be remembered that last session the gentleman from Oklahoma, Mr. Hastings, called to the attention of the Membership paragraph (b) of section 8 of the independent offices appropriation bill, H. R. 5389, which provided that in making reductions of personnel due regard should be given to the apportionment of appointments as provided in the Civil Service Act. This provision was in keeping with the third paragraph of section 2 of the Civil Service Act, January 16, 1883, as quoted in the above resolution:

Appointments to the public service aforesaid in the departments at Washington shall be apportioned among the several States and Territories and the District of Columbia upon the basis of population as ascertained at the last preceding census.

I have just received the following apportionment from Mr. C. C. Hathway, personnel officer of the United States Civil Service Commission, which shows the exact condition of the apportionment at the close of business Tuesday, January 15, 1935, as administered by said Commission under said law. The report of the Civil Service Commission was that there are 33,156 Federal employees in the city of Washington. Of this number, the District of Columbia, Maryland, Virginia, and Vermont have a total of 13,442, or over 40 percent of the entire number. Massachusetts, South Dakota, Iowa, Maine, Rhode Island, Delaware, Utah, West Virginia, and New Hampshire all, as you will note from the list, have received practically their quota. At this point I desire to place in the RECORD the total each State is entitled to and the number each State has received and the number each State is in arrears:

Condition of apportionment at the close of business Tuesday, Jan. 15, 1935

State	Entitled	Received	Arrears	Percent filled
Puerto Rico.....	410	24	386	6
Hawaii.....	98	11	87	11
California.....	1,509	394	1,115	26
Texas.....	1,548	482	1,066	31
Alaska.....	16	5	11	31
Oklahoma.....	637	241	396	38
Arizona.....	116	44	72	38
Michigan.....	1,287	499	788	39
Louisiana.....	559	219	340	39
New Jersey.....	1,074	428	646	40
Arkansas.....	493	218	275	44
Alabama.....	703	348	355	50
South Carolina.....	462	236	226	51
Mississippi.....	534	274	260	54
Georgia.....	773	417	356	54
Nevada.....	24	13	11	54
Ohio.....	1,767	992	775	56
North Carolina.....	843	479	364	57
Wisconsin.....	781	449	332	57
Oregon.....	253	150	103	59
Illinois.....	2,028	1,203	825	59
Tennessee.....	695	417	278	60
New Mexico.....	112	68	44	61
Connecticut.....	427	261	166	61
New York.....	3,346	2,054	1,292	61
Kentucky.....	695	476	219	68
Montana.....	143	99	44	70
Wyoming.....	60	43	17	72
Florida.....	399	285	105	73
Pennsylvania.....	2,560	2,019	541	79
North Dakota.....	181	143	38	79
Washington.....	416	335	71	81
Idaho.....	118	98	20	83
Indiana.....	861	733	128	85
Missouri.....	965	830	135	86
Minnesota.....	681	598	83	88
Colorado.....	275	246	29	89
Kansas.....	500	448	52	90
Nebraska.....	366	342	24	93
New Hampshire.....	124	118	6	95
West Virginia.....	460	442	18	96
Utah.....	135	130	5	96
Delaware.....	63	61	2	97
Rhode Island.....	183	179	4	98
Maine.....	212	208	4	98
Iowa.....	657	648	9	99
South Dakota.....	184	183	1	99
Massachusetts.....	1,129	1,124	5	99.6
States in excess:				Percent excess
Vermont.....	96	117	21	22
Virginia.....	644	2,008	1,364	212
Maryland.....	434	1,875	1,441	332
District of Columbia.....	129	9,442	9,313	7,219

NOTE.—Number of employees occupying apportioned positions who are excluded from the apportionment figures under sec. 2, rule 7, and the Attorney General's opinion of Aug. 25, 1934, 6,611.

I call to your attention that the District of Columbia is entitled to 129 and has received 9,442; Maryland is entitled to 434 and has received 1,875; Virginia is entitled to 644 and has received 2,008; Vermont is entitled to 96 and has received 117. You will note that we in Texas are entitled to 1,548 and have received only 482.

One of the purposes of calling the Democratic caucus for next Tuesday evening is to decide what steps, if any, shall be taken to correct these and similar abuses in the distribution of patronage. For the past 52 years the United States Civil Service Commission has ignored the above-quoted law of this Congress. Should the law Congress enacts be respected or is the Civil Service Commission more powerful than the law?

The Democratic caucus next Tuesday evening will, no doubt, properly consider ways and means of determining what method of selection, the kind and character of personnel, and so forth, that is now existing in all departments of government, as well as on Capitol Hill. It is common knowledge to the Democratic Membership of the House that practically all key positions in the entire emergency set-up created by the Seventy-third Congress are held by Republicans. Practically all positions paying more than \$4,000 per year in all the regular departments of government here in Washington as well as out in the field are held by Republicans, many of whom supported Mr. Hoover in the last election.

It is known to many Members of Congress that quite a number of those in charge of the personnel selection in the different emergency departmental divisions have ignored recommendations of Members of Congress in the selection of their personnel and have so instructed their employees in considering patronage matters. Rumors have been coming in in increasing numbers as to the many discriminations being made by employees in the selection of their personnel on Capitol Hill, of the abuse of power of these same employees, of downright graft of some of these employees. If these charges and rumors are true, a general shake-up should be made in the employees of the House. Certainly a thorough investigation by a proper committee appointed by the Democratic caucus to be held Tuesday night should be made. It is well known that rank discrimination by some of the departments has been made favoring recommendations of certain Members of Congress over other Members of Congress in the selection of their personnel. All Members of Congress should be treated equally by all departments of Government in the selection of their personnel. Certainly the coming Democratic caucus should thoroughly investigate and make an early report in this regard. The whole system of patronage as it has been handled under the Democratic administration should be carefully investigated and an early report made back to this Congress, to the end that the facts be known and that the responsibility for the existing condition be made public.

We are daily being besieged by our constituents with applications for positions running into large numbers and filed. They cannot understand why so few positions under this administration have been given to the Democrats. They know, as we know, that many of these positions are not under civil service; that someone is receiving these positions. We should be able to definitely tell them the reasons why our recommendations of them are being ignored.

All such patronage questions should rightly come before the Democratic caucus and this caucus should appoint proper committees to see that this information is immediately made available to the membership.

ENROLLED JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H. J. Res. 112. Joint resolution to clarify the definition of disagreement in section 19, World War Veterans' Act, 1924, as amended.

JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a joint resolution of the House of the following title:

H. J. Res. 112. Joint resolution to clarify the definition of disagreement in section 19, World War Veterans' Act, 1924, as amended.

ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 19 minutes p. m.), the House, pursuant to its order previously entered, adjourned until Monday, January 28, 1935, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

165. Under clause 2 of rule XXIV a letter from the Chairman of the Securities and Exchange Commission, transmitting the Commission's report of the investigation of stock-exchange government, together with its recommendations (H. Doc. No. 85), was taken from the Speaker's table, referred to the Committee on Interstate and Foreign Commerce, and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. MONAGHAN: Committee on Interstate and Foreign Commerce. H. R. 2030. A bill authorizing the States of Washington and Idaho to construct, maintain, and operate a free highway bridge across the Snake River between Clarks-ton, Wash., and Lewiston, Idaho; with amendment (Rept. No. 26). Referred to the House Calendar.

Mr. TERRY: Committee on Interstate and Foreign Commerce. H. R. 2874. A bill granting the consent of Congress to the State highway commission to construct, maintain, and operate a free highway bridge across Eleven Points River in section 17, township 23 north, range 2 west, approximately 12 miles east of Alton, on route no. 42, Oregon County, Mo.; with amendment (Rept. No. 27). Referred to the House Calendar.

Mr. CORNING: Committee on Interstate and Foreign Commerce. H. R. 3018. A bill to extend the times for commencing and completing the construction of a bridge across the St. Lawrence River at or near Alexandria Bay, N. Y.; with amendment (Rept. No. 28). Referred to the House Calendar.

Mr. TERRY: Committee on Interstate and Foreign Commerce. H. R. 3057. A bill granting the consent of Congress to the State of Oklahoma for constructing a bridge across the Arkansas River south of the town of Sallisaw in Sequoyah and Le Flore Counties at a point approximately 15 miles north of Keota, in the State of Oklahoma; with amendment (Rept. No. 29). Referred to the House Calendar.

Mr. BULWINKLE: Committee on Interstate and Foreign Commerce. H. R. 3983. A bill to legalize a bridge (known as "Union Street Bridge") across the Dan River at Danville, Va.; with amendment (Rept. No. 30). Referred to the House Calendar.

Mr. BULWINKLE: Committee on Interstate and Foreign Commerce. H. R. 3891. A bill to extend the times for commencing and completing the construction of a bridge across the Waccamaw River at Conway, S. C.; with amendment (Rept. No. 31). Referred to the House Calendar.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 1619) for the relief of Emil Gathmann; Committee on Claims discharged, and referred to the Committee on War Claims.

A bill (H. R. 1908) for the relief of M. F. Powers; Committee on Claims discharged, and referred to the Committee on War Claims.

A bill (H. R. 4365) for the relief of Anna Lilly; Committee on Naval Affairs discharged, and referred to the Committee on Military Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SUMNERS of Texas: A bill (H. R. 4742) to amend section 103 of the Code of Criminal Procedure for the Canal Zone and section 542 of the Code of Civil Procedure for the Canal Zone; to the Committee on Interstate and Foreign Commerce.

By Mr. LAMNECK: A bill (H. R. 4743) to reduce the internal-revenue tax on beer and other malt liquors; to the Committee on Ways and Means.

By Mr. SANDERS of Texas: A bill (H. R. 4744) to increase the public revenue of the United States of America by amending the Revenue Act of 1932; to the Committee on Ways and Means.

By Mr. DEEN: A bill (H. R. 4745) to provide for the co-operation by the Federal Government with the several States and Territories and the District of Columbia in meeting the crisis in education; to the Committee on Education.

By Mr. DOUGHTON: A bill (H. R. 4746) to terminate the special excise tax imposed by section 701 of the Revenue Act of 1926; to the Committee on Ways and Means.

By Mr. EICHER: A bill (H. R. 4747) to amend section 16a of the Interstate Commerce Act so as to provide for right of appeal from orders of the Interstate Commerce Commission; to the Committee on Interstate and Foreign Commerce.

By Mr. FULMER: A bill (H. R. 4748) to provide for research work in connection with the utilization of southern agricultural products other than forest products, particularly whole cotton, for the purpose of providing new markets for the South's cotton crop other than as lint cotton; to the Committee on Agriculture.

By Mr. KNUTSON: A bill (H. R. 4749) to authorize the erection of a tablet to commemorate the discovery of the headwaters of the Mississippi River; to the Committee on Military Affairs.

By Mr. McSWAIN: A bill (H. R. 4750) to provide further for the maintenance of United States Soldiers' Home; to the Committee on Military Affairs.

By Mr. RAYBURN: A bill (H. R. 4751) to amend section 24 of the Interstate Commerce Act, as amended, with respect to the terms of office of members of the Interstate Commerce Commission; to the Committee on Interstate and Foreign Commerce.

By Mr. CONNERY: A bill (H. R. 4752) to incorporate the National Yeomen F; to the Committee on the District of Columbia.

By Mr. FADDIS: A bill (H. R. 4753) to authorize the issuance of a medal and ribbon for members of the army of occupation of Germany; to the Committee on Military Affairs.

Also, a bill (H. R. 4754) to provide for the protection and preservation of domestic sources of tin; to the Committee on Military Affairs.

By Mr. ALLEN: A bill (H. R. 4755) to provide minimum pay for postal substitutes; to the Committee on the Post Office and Post Roads.

By Mr. BOLAND: A bill (H. R. 4756) for the conservation, care, custody, protection, and operation of the naval petroleum and oil-shale reserves, and for other purposes; to the Committee on Naval Affairs.

By Mr. CULKIN: A bill (H. R. 4757) to prevent the obstruction of and burdens upon interstate trade and commerce in copyrighted motion-picture films and to prevent restraint upon free competition in the production, distribution, and exhibition of copyrighted motion-picture films (a) by prohibiting the compulsory block booking of copyrighted motion-picture films; (b) to compel the furnishing of accurate synopsis of all pictures offered to theater operators before the same have been released and reviewed; and (c) to amend section 2 of the Clayton Act to make it apply to license agreements and leases as well as sales in interstate commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. DREWRY: A bill (H. R. 4758) to authorize an exchange of lands between the Richmond, Fredericksburg & Potomac Railroad Co. and the United States at Quantico, Va.; to the Committee on Naval Affairs.

Also, a bill (H. R. 4759) to amend section 1 of the act of February 14, 1927, entitled "An act authorizing the Secretary of the Navy to accept, on behalf of the United States, title in fee simple to a certain strip of land and the construction of a bridge across Archers Creek in South Carolina"; to the Committee on Naval Affairs.

By Mr. FERNANDEZ: A bill (H. R. 4760) to increase the statutory limit of expenditure for repairs or changes to naval vessels; to the Committee on Naval Affairs.

By Mr. GASSAWAY: A bill (H. R. 4761) to validate certain conveyances by Kickapoo Indians of Oklahoma made prior to February 17, 1933, where a full and fair consideration has been paid, and to provide for actions in partition in certain cases, and for other purposes; to the Committee on Indian Affairs.

Also (by request), a bill (H. R. 4762) to create a commission to correct the membership rolls of the Five Civilized Tribes of Oklahoma (including the Mississippi Choctaw Indians), and for other purposes; to the Committee on Indian Affairs.

Also (by request), a bill (H. R. 4763) to enroll on the citizenship rolls certain persons of the Choctaw and Chickasaw Nations or Tribes; to the Committee on Indian Affairs.

By Mr. KNIFFIN: A bill (H. R. 4764) for the relief of the officers and men of the United States Naval and Marine Corps Reserves who performed flights in naval aircraft in connection with the search for victims and wreckage of the United States dirigible *Akron*; to the Committee on Naval Affairs.

Also, a bill (H. R. 4765) to amend the act entitled "An act making appropriations for the naval service for the fiscal year ending June 30, 1903, and for other purposes", approved July 1, 1902; to the Committee on Naval Affairs.

Also, a bill (H. R. 4766) to provide for the payment of allowances and gratuities to naval prisoners; to the Committee on Naval Affairs.

Also, a bill (H. R. 4767) to amend section 1383 of the Revised Statutes of the United States; to the Committee on Naval Affairs.

By Mr. FISH: Resolution (H. Res. 73) requesting the names and addresses of all persons and corporations who own tax-exempt securities in the amount of \$100,000 or over; to the Committee on Ways and Means.

By Mr. BLANTON: Resolution (H. Res. 74) requesting the names and addresses of all persons and corporations who own Federal tax-exempt securities in the amount of \$50,000 or over; to the Committee on Ways and Means.

By Mr. McCORMACK: Joint resolution (H. J. Res. 136) directing the President of the United States of America to proclaim October 11 of each year General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOEHNE: A bill (H. R. 4768) for the relief of O. H. Kreuzberger; to the Committee on Claims.

Also, a bill (H. R. 4769) for the relief of Henry N. Heironimus and Edwin D. Miller; to the Committee on Claims.

By Mr. BRUNNER: A bill (H. R. 4770) for the relief of Elinora Fareira; to the Committee on Claims.

By Mr. BULWINKLE: A bill (H. R. 4771) granting an increase of pension to William E. Norton; to the Committee on Pensions.

Also, a bill (H. R. 4772) for the relief of Elmer Wilson; to the Committee on Military Affairs.

Also, a bill (H. R. 4773) for the relief of Taylor Marlor; to the Committee on Military Affairs.

Also, a bill (H. R. 4774) granting an increase of pension to Charles L. Stewart; to the Committee on Pensions.

Also, a bill (H. R. 4775) granting an increase of pension to Henry G. Jones; to the Committee on Pensions.

Also, a bill (H. R. 4776) granting an increase of pension to Benjamin F. Shelton; to the Committee on Pensions.

Also, a bill (H. R. 4777) to provide for the advancement on the retired list of the Army of Vincent P. Rousseau; to the Committee on Military Affairs.

Also, a bill (H. R. 4778) granting an increase of pension to Guss Hughes; to the Committee on Pensions.

By Mr. BURNHAM: A bill (H. R. 4779) for the relief of Capt. Chester Gracie; to the Committee on Claims.

Also, a bill (H. R. 4780) for the relief of the widow and five minor children of Arturo Guajardo; to the Committee on Claims.

By Mr. CARTER: A bill (H. R. 4781) for the relief of Reginald Richard Dawson; to the Committee on Military Affairs.

By Mr. COCHRAN: A bill (H. R. 4782) granting an increase of pension to Elizabeth Barton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4783) for the relief of George E. Stuckey; to the Committee on Military Affairs.

By Mr. COLLINS: A bill (H. R. 4784) for the relief of J. T. Slayback; to the Committee on Claims.

By Mr. CROSS of Texas: A bill (H. R. 4785) for the relief of Abigh E. Norris; to the Committee on Claims.

By Mr. CUMMINGS: A bill (H. R. 4786) granting a pension to Margaret M. Boardman; to the Committee on Pensions.

By Mr. DARROW: A bill (H. R. 4787) to correct the naval record of Robert Nelson Campbell; to the Committee on Naval Affairs.

By Mr. DIMOND: A bill (H. R. 4788) authorizing the sale and lease of certain lands near Homer, Alaska, for use in connection with the Jesse Lee Home; to the Committee on the Public Lands.

By Mr. EKWALL: A bill (H. R. 4789) for the relief of the Coast Fir & Cedar Products Co., Inc.; to the Committee on Claims.

Also, a bill (H. R. 4790) for the relief of Squire Hensley; to the Committee on Military Affairs.

Also, a bill (H. R. 4791) for the relief of the Hauser Construction Co.; to the Committee on Claims.

By Mr. FLETCHER: A bill (H. R. 4792) granting an increase of pension to James E. Walker; to the Committee on Pensions.

Also, a bill (H. R. 4793) granting an increase of pension to Lucinda Lauck; to the Committee on Invalid Pensions.

By Mr. HOUSTON: A bill (H. R. 4794) for the relief of Zachara T. Edwards; to the Committee on Military Affairs.

By Mr. KENNEDY of Maryland (by departmental request): A bill (H. R. 4795) to reimburse officers, enlisted men, and civilian employees of the Army and their families and dependents, or their legal representatives, for losses sustained as a result of the hurricane which occurred in Texas on August 16, 17, and 18, 1915; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4796) to provide for the reimbursement of certain enlisted men and former enlisted men of the Navy for the value of personal effects destroyed in a fire at the naval radio station, Libugon, Guam, on April 15, 1932; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4797) to provide for the reimbursement of certain enlisted men and former enlisted men of the Navy for the value of personal effects lost, damaged, or destroyed during a hurricane in Samoa on January 15, 1931; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4798) to authorize the settlement of individual claims of military personnel for damages to and loss of private property incident to the training, practice, operation, or maintenance of the Army; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4799) to provide for the reimbursement of certain officers and enlisted men or former officers and enlisted men of the Navy and Marine Corps for personal property lost, damaged, or destroyed as a result of the earthquake which occurred at Managua, Nicaragua, on March 31, 1931; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4800) to authorize the settlement of individual claims for personal property lost or damaged arising out of the activities of the Civilian Conservation Corps, which have been approved by the Secretary of War; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4801) to authorize settlement, allowance, and payment of certain claims; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4802) authorizing adjustment of the claim of Schutte & Koerting Co.; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4803) authorizing adjustment of the claim of the Rio Grande Southern Railroad Co.; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4804) authorizing adjustment of the claim of the Pennsylvania Railroad Co.; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4805) authorizing adjustment of the claim of the Adelphia Bank & Trust Co. of Philadelphia; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4806) authorizing adjustment of the claim of Frank Spector; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4807) authorizing adjustment of the claim of the Wilmot Castle Co.; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4808) for the relief of the Richmond, Fredericksburg & Potomac Railroad Co.; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4809) for the relief of the Western Electric Co., Inc.; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4810) for the relief of Elda Geer; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4811) for the relief of George W. Miller; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4812) for the relief of Mrs. Carlisle Von Thomas, Sr.; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4813) for the relief of certain disbursing officers of the Army, and for other purposes; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4814) for the relief of Lt. Col. Russell B. Putnam, United States Marine Corps; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4815) for the relief of Jasper Daleo; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4816) for the relief of A. Bruce Bielaski; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4817) for the relief of Matthew E. Hanna; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4818) for the relief of the First National Bank of Chicago; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4819) for the relief of the Western Union Telegraph Co.; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4820) for the relief of Lawrence S. Copeland; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4821) for the relief of Ward J. Lawton, special disbursing agent, Lighthouse Service, Department of Commerce; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4822) for the relief of Thomas F. Olsen; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4823) for the relief of Korber Realty, Inc.; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4824) for the relief of Capt. George W. Steele, Jr., United States Navy; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4825) for the relief of Robert D. Baldwin; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4826) for the relief of the heirs of Burton S. Adams, deceased; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4827) for the relief of Don C. Fees; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4828) for the relief of John L. Summers, disbursing clerk, Treasury Department, and for other purposes; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4829) for the relief of Weymouth Kirkland and Robert N. Golding; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4830) for the relief of the Washington Post Co.; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4831) for the relief of L. E. Geary; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4832) for the relief of Dr. George W. Ritchey; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4833) for the relief of Ciriaco Hernandez and others; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4834) for the relief of Sanford A. McAlister and Eliza L. McAlister; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4835) for the relief of the West India Oil Co.; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4836) for the relief of the Western Electric Co., Inc.; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4837) for the relief of Jay Street Terminal; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4838) for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4839) for the relief of Alfred W. Kliefoth; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4840) for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4841) for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4842) for the relief of certain disbursing officers of the Army of the United States and for the settlement of an individual claim approved by the War Department; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4843) for the relief of certain officers and employees of the Foreign Service of the United States who, while in the course of their respective duties, suffered losses of personal property by reason of catastrophes of nature and other causes; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4844) to provide for the reimbursement of certain enlisted men and former enlisted men of the Navy for the value of personal effects lost, damaged, or destroyed by fire at the naval radio station, Eureka, Calif., on January 17, 1930; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4845) to provide for the reimbursement of certain enlisted men and former enlisted men of the Navy for the value of personal effects lost, damaged, or destroyed by fire at the naval training station, Hampton Roads, Va., on February 21, 1927; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4846) to provide for the reimbursement of certain enlisted men and former enlisted men of the Marine Corps for the value of personal effects lost, damaged, or destroyed by fire at the Marine Barracks, Quantico, Va., on October 5, 1930, to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4847) to allow credits in the accounts of certain disbursing officers of the Bureau of War Risk Insurance, Federal Board for Vocational Education, and United States Veterans' Bureau (now Veterans' Administration); to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4848) for the relief of Charles E. Molster, disbursing clerk, Department of Commerce, and Dr. Louis H. Bauer, a former employee; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4849) for the relief of White Bros. & Co., a partnership composed of John W. White, Jr., Will J. White, A. P. White, and Madison White; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4850) to authorize the settlement of individual claims of military personnel for damages to and loss of private property incident to the training, practice, operation, or maintenance of the Army; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4851) to provide for the reimbursement of certain civilian employees of the naval operating base, Hampton Roads, Va., for the value of tools lost in a fire at Pier No. 7, at the naval operating base, on May 4, 1930; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4852) to authorize the settlement of individual claims of military personnel for damages to and loss of private property incident to the training, practice, operation, or maintenance of the Army; to the Committee on Claims.

Also (by departmental request), a bill (H. R. 4853) for the relief of Charles H. Holtzman, former collector of customs, Baltimore, Md.; George D. Hubbard, former collector of customs, Seattle, Wash.; and William L. Thibadeau, former customs agent; to the Committee on Claims.

By Mr. McLEOD: A bill (H. R. 4854) for the relief of Earl Kratz; to the Committee on Military Affairs.

By Mr. McREYNOLDS: A bill (H. R. 4855) for the relief of Jack C. Allen; to the Committee on Claims.

By Mr. MOTT: A bill (H. R. 4856) for the relief of Horace G. Wilson; to the Committee on Claims.

Also, a bill (H. R. 4857) for the relief of John Andrew Ramsdell, Jr.; to the Committee on Naval Affairs.

By Mr. RAMSPECK: A bill (H. R. 4858) for the relief of Edward Shippen West; to the Committee on Military Affairs.

Also, a bill (H. R. 4859) for the relief of John Thomas Veitch; to the Committee on Naval Affairs.

Also, a bill (H. R. 4860) for the relief of Judson Stokes; to the Committee on Claims.

By Mr. RANSLEY: A bill (H. R. 4861) to confer jurisdiction on the Court of Claims to hear and determine the claim of Francesco Pacifico; to the Committee on Claims.

By Mr. ROBSON of Kentucky: A bill (H. R. 4862) granting a pension to Miles S. Catchings; to the Committee on Pensions.

Also, a bill (H. R. 4863) granting a pension to Richard B. Hammer; to the Committee on Pensions.

Also, a bill (H. R. 4864) granting a pension to Eliza S. Rhodes; to the Committee on Pensions.

Also, a bill (H. R. 4865) granting a pension to Robert O. Higginbotham; to the Committee on Pensions.

By Mr. SHORT: A bill (H. R. 4866) granting a pension to Frank A. Boster; to the Committee on Invalid Pensions.

By Mr. THOMAS: A bill (H. R. 4867) granting a pension to Neil Francis McKendry; to the Committee on Pensions.

By Mr. WELCH: A bill (H. R. 4868) conferring upon the United States District Court for the Northern District of California, southern division, jurisdiction of the claim of Minnie C. de Back against the Alaska Railroad; to the Committee on Claims.

By Mr. DIMOND: Joint resolution (H. J. Res. 137) authorizing a preliminary examination or survey of Valdez Harbor, Alaska; to the Committee on Rivers and Harbors.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

434. By Mr. BOILEAU: Resolution of the Wausau Division, No. 207, Order of Benefit Association of Railway Employees, favoring enactment of legislation as recommended by the Federal Coordinator and covered in House bill 8100 of the Seventy-third Congress; to the Committee on Interstate and Foreign Commerce.

435. By Mr. BRUNNER: Resolution of the supreme board of directors of the Knights of Columbus, held on January 13,

1935, in the city of New York, regarding the conditions in Mexico; to the Committee on Foreign Affairs.

436. By Mr. BUCKLER of Minnesota: Petition of Norman Dall, W. W. Adams, and 175 other citizens of Fergus Falls, Minn., and vicinity, requesting the support and the enactment of the Townsend old-age pension plan into Federal legislation; to the Committee on Ways and Means.

437. By Mr. CULKIN: Petition of certain citizens of Oneida, N. Y., favoring the Townsend old-age revolving pension; to the Committee on Ways and Means.

438. By Mr. GOODWIN: Petition of Thomas H. Purcell and other residents of Columbia County, N. Y., opposing the entrance of the United States into the World Court; to the Committee on Foreign Affairs.

439. By Mr. KENNEDY of New York: Memorial in the nature of a resolution of the Ancient Order of Hibernians in America, Division No. 29, located in the city of New York, that—whereas the year 1935 marks the one hundred and fiftieth anniversary of the termination of the services of Commodore John Barry, the father of the American Navy to the Revolutionary Navy, and whereas it has been thought that a postage stamp in commemoration of the deeds of valor on land and sea rendered to our infant Republic would be a fitting tribute to this gallant Irishman, be it resolved that the members of Division No. 29, Ancient Order of Hibernians, are heartily in accord with this method of honoring the father of the American Navy, and be it further resolved that we request our Representative in Congress and the two United States Senators from the State of New York to use their influence with the Post Office Department of the United States and in their respective Houses of Congress to the end that a stamp be issued in commemoration of Commodore John Barry; to the Committee on the Post Office and Post Roads.

440. By Mr. KVALE: Petition of the Townsend Club of Glenwood, Minn., endorsing the Townsend plan for old-age pensions; to the Committee on Labor.

441. By Mr. MEAD: Petition of Erie County (N. Y.) Board of Supervisors, urging passage of the \$4,000,000,000 Federal Public Works appropriation bill; to the Committee on Appropriations.

442. Also, petition of the Senate of the State of New York, regarding the persecution of religious people in Mexico; to the Committee on Foreign Affairs.

443. Also, petition of the directors of the Knights of Columbus of New York City, regarding the persecution of religion in Mexico; to the Committee on Foreign Affairs.

444. By Mr. PATMAN: Petition of Maggie Forsyth, Charles Hutchinson, and eight other citizens of Red River County, Tex., for an old-age-pension law, and particularly the Townsend plan; to the Committee on Ways and Means.

445. Also, petition of J. A. Evans, F. R. Stubbs, and eight other citizens of Red River County, Tex., for an old-age pension law, and particularly the Townsend plan; to the Committee on Ways and Means.

446. Also, petition of J. W. Wiley, D. M. Stone, and seven other citizens of Cass County, Tex., for an old-age pension law; to the Committee on Labor.

447. By Mr. PFEIFER: Petition of the Central Trades and Labor Council of Greater New York and vicinity, New York City, protesting against the continuance of the Federal pay cut of postal employees; to the Committee on the Post Office and Post Roads.

448. By Mr. RUDD: Petition of the Central Trades and Labor Council of Greater New York and vicinity, concerning House bill 2786, to repeal Government wage cuts as of January 1, 1935; to the Committee on Expenditures in the Executive Departments.

449. By Mr. SMITH of West Virginia: Petition of John Peters and other citizens of Raleigh County, W. Va., urging the passage of House bill 2856, providing for an old-age pension; to the Committee on Ways and Means.

450. By Mr. SWEENEY: Resolution passed by Cleveland Deanery Council of the National Council of Catholic Women, favoring legislation for the humanizing of the immigration laws; to the Committee on Immigration and Naturalization.

451. Also, resolution of the order of Benefit Association of Railway Employees, favoring support of the Pettengill bill (H. R. 8100); to the Committee on Interstate and Foreign Commerce.

452. By Mr. TREADWAY: Petition of employees of L. L. Brown Paper Co., Adams, Mass., protesting against the Black-Connery bill or similar 30-hour labor legislation; to the Committee on Labor.

453. By Mr. TRUAX: Petition of the Disabled American Veterans of the World War, Cuyahoga Chapter, Cleveland, Ohio, by their adjutant, David Wise, representing the sentiments of the 4,500 disabled veterans of Cuyahoga County, favoring the immediate payment of the adjusted-service certificates with the cancelation of all interest charges, and that they are 100 percent back of the American Legion and the Veterans of Foreign Wars in their fight for this cause; to the Committee on Ways and Means.

454. Also, petition of Jeff D. Patterson and many others from Toledo, Ohio, urging the Congress of the United States to enact the old-age-pension bill as sponsored and approved by Dr. J. E. Pope, editor of the National Forum and president of the National Old Age Pension Association and the Non-partisan Voters' Secret League, as embodied in House bill 2856, introduced by Representative WILL ROGERS, of Oklahoma, embracing the following: A Federal pension of \$30 to \$50 per month to every man and woman above the age of 55, financed on a contributory basis or a tax on the earnings of persons between the ages of 21 and 45; same to be free from State and local administration or interference; to be a Nation-wide, impartial, and uniform system of old-age pensions; to the Committee on Ways and Means.

455. Also, petition of Orphan's Hope Lodge, No. 466, Brotherhood of Locomotive Firemen and Enginemen, Dennison, Ohio, by their recording secretary, L. E. Barth, requesting that the Congress of the United States support and enact into law the following measures: Soldiers' bonus bill, full-crew bill, 6-hour day, unemployment insurance, pension bill, bus and truck regulations by Interstate Commerce Commission, train-length limit bill, and the modification of the hours-of-service law; to the Committee on Labor.

456. Also, petition of the United Brotherhood of Carpenters and Joiners of America, Local Union No. 224, Cincinnati, Ohio, by their secretary, Carl Poppe, strenuously opposing the applying of bulletin P. W. 23709, dated December 4, 1934 (sent to all State engineers of the Federal Emergency Administration of Public Works, outlining principles in order to facilitate the application of Public Works Administration labor and wage provisions and wage scale on open-shop carpentry work), on carpentry work on any Public Works Administration project, as this would be the ruination of union labor throughout the United States; to the Committee on Labor.

457. By Mr. WEAVER: Petition of various citizens of the Eleventh Congressional District of North Carolina, favoring the enactment of the Townsend old-age-pension legislation; to the Committee on Ways and Means.

SENATE

MONDAY, JANUARY 28, 1935

(Legislative day of Monday, Jan. 21, 1935)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Friday, January 25, 1935, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hattigan, one of its clerks, announced that the House had passed a bill (H. R. 4304) to amend the Second Liberty Bond Act, as amended, and for other purposes, in which it requested the concurrence of the Senate.

EXECUTIVE SESSION

Mr. ROBINSON. Mr. President, I presume under the unanimous-consent agreement—

The VICE PRESIDENT. The Senate resolves itself into executive session under the order of the Senate.

Mr. ROBINSON. I was just about to state, Mr. President, that automatically, under the agreement, the Senate will proceed to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. HAYDEN, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. McCARRAN, from the Committee on the Judiciary, reported favorably the nomination of William Denman, of California, to be United States circuit judge for the ninth circuit to succeed William B. Gilbert, deceased.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

BUSINESS TRANSACTED AS IN LEGISLATIVE SESSION

During the executive session the following legislative business was transacted by unanimous consent:

REPORT OF WAR FINANCE CORPORATION

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, reporting, pursuant to law, relative to the War Finance Corporation (in liquidation) covering the period from January 1, 1934, to December 31, 1934, which, with the accompanying papers, was referred to the Committee on Finance.

WARD J. LAWTON

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Commerce, transmitting a draft of proposed legislation for the relief of Ward J. Lawton, special disbursing agent, Lighthouse Service, Department of Commerce, which, with the accompanying paper, was referred to the Committee on Claims.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the Senate of the State of Nebraska, memorializing Congress to include the building of free interstate bridges across the Missouri River as Public Works Administration projects, which was referred to the Committee on Commerce.

(See resolution printed in full when presented today by Mr. NORRIS.)

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Legislature of the State of Oklahoma, which was referred to the Committee on the Library:

House Concurrent Resolution 3

A concurrent resolution memorializing the President and Congress of the United States to establish a national memorial park on the site of the Battle of the Washita, near Cheyenne, in Roger Mills County

Whereas the United States Public Works Administration, under the direction of the Department of the Interior, is at the present time engaged in the acquisition of a site for, and the construction of, a dam on the Washita River for flood-control and irrigation purposes; and

Whereas adjacent to the site of said proposed dam lies the site of the Battle of the Washita, fought in 1868 between the Seventh United States Cavalry, under the command of Gen. George A.